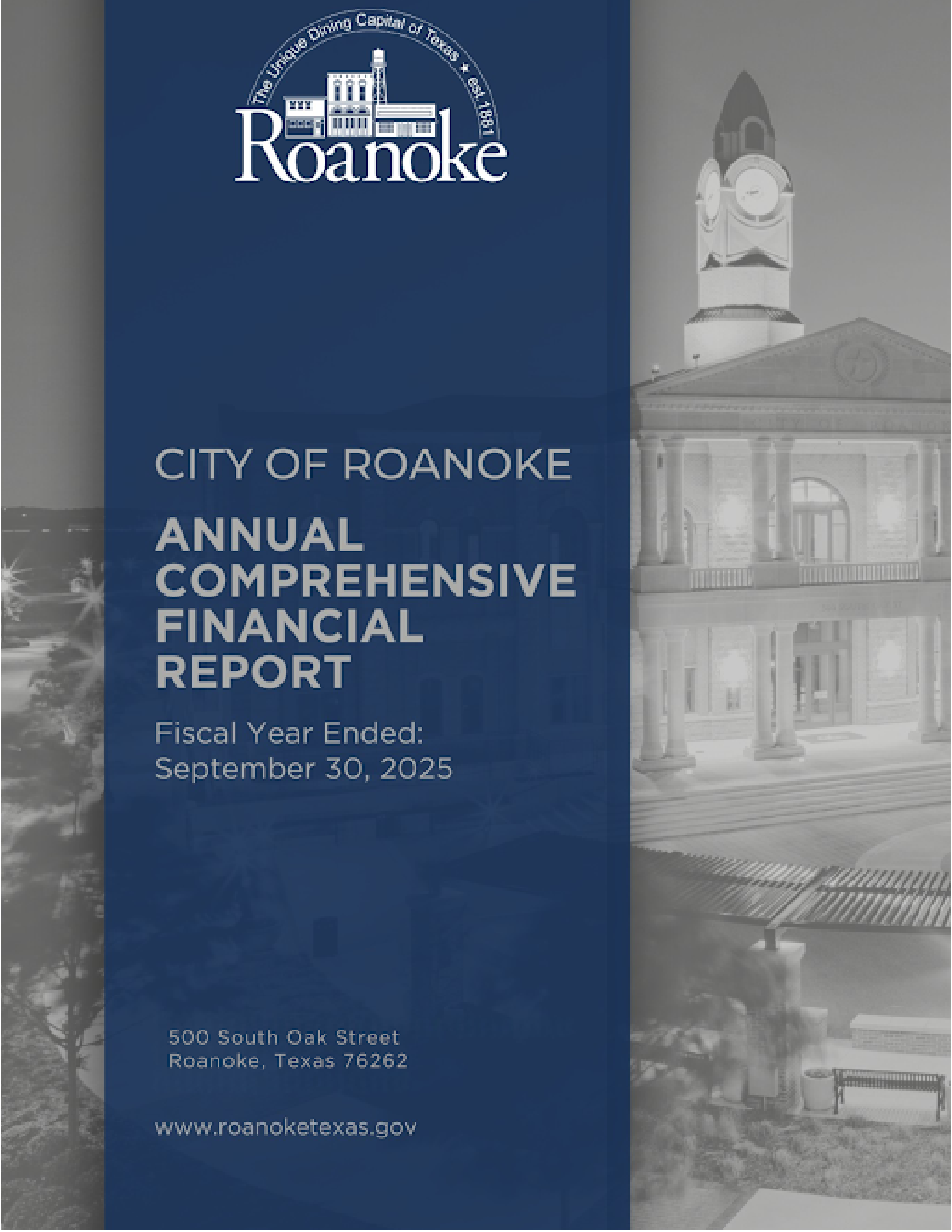

The Unique Dining Capital of Texas ★ est. 1881

Roanoke

CITY OF ROANOKE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended:
September 30, 2025

500 South Oak Street
Roanoke, Texas 76262

www.roanoketexas.gov

City of Roanoke, Texas
Annual Comprehensive Financial Report
Fiscal Year Ended
September 30, 2025

Prepared by
City of Roanoke
Department of Fiscal and Administrative Services

500 S. Oak Street
Roanoke, Texas 76262

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Introductory Section
(Unaudited)

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March 24, 2026
To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Roanoke, Texas

The Finance Department and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report for the City of Roanoke, Texas ("City"), for the fiscal year ended September 30, 2025.

This report complies with State law which requires that all local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report provides the City Council, City staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. The report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy, completeness, and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits derived from them, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Forvis Mazars, LLP, a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2025. The independent auditor's report is located at the front of the Financial Section of this report.

This report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a listing of City Officials, and an organizational chart of the City. The Financial Section includes the independent auditor's report on the basic financial statements, Management's Discussion and Analysis ("MD&A"), basic financial statements, the notes to the basic financial statements, required supplementary information, and combining and individual fund statements and schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The City of Roanoke's MD&A can be found immediately following the independent auditor's report. The Statistical Section includes financial and demographic information relevant to readers of the City's financial statements. The statistical data is generally presented on a multi-year basis.

PROFILE OF THE CITY OF ROANOKE, TEXAS

The City of Roanoke is located in North Central Texas with portions of the city in Denton County and Tarrant County. The City is situated 23 miles north of downtown Fort Worth and 30 miles west of downtown Dallas. Roanoke is readily accessible by State Highway 114, State Highway 170, and Farm-to-Market Road 377. Roanoke's centralized location provides quick access to both the Dallas and Fort Worth Metropolitan areas and is only 13 miles from the Dallas-Fort Worth International Airport ("DFW Airport"), one of the world's busiest airports. Originally incorporated in 1933, The City of Roanoke currently occupies 6.5 square miles and serves an estimated population of 11,143 according to the 2024 World Population Review.

The City is a home-rule city and operates under the Council-Manager form of government. The elected seven-member council is comprised of a Mayor and six Council members. The six council members represent 3 wards with 2 members from each ward. The Council has the authority to enact local legislation, levy taxes, incur debt, adopt budgets, and determine policies and regulations governing the City. The City Council appoints the City Manager, Municipal Court Judge and the City Attorney. The City Manager reports directly to the City Council, and is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. City Council are elected on a non-partisan basis. The Mayor and Council members serve three-year terms. The Council members are elected by ward, and the Mayor is elected at-large. In addition, several boards and commissions were created to assist the City Council in deciding matters of policy and procedure and meet on various issues throughout the year.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by State statute to extend its corporate limits by annexations, which could occur periodically when deemed appropriate by the governing council.

The City provides a full range of general governmental services to its citizens including: police and fire protection; emergency ambulance service; municipal court operations; development and code services; construction and maintenance of streets, highways, parks and recreational facilities; water service and wastewater collection and treatment; library operations; visitor's center and museum; and general administrative services. Private contractors, through franchise agreements, provides solid waste and recycling collections and disposal services for the City.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Roanoke), as well as all of its component units. Two component units of the City, the Roanoke Economic Industrial Development Corporation ("REIDC"), and the Al & Lula Mae Slaughter Park ("Slaughter Park") Foundation, which was terminated during the fiscal year and had no year-end net position, are presented in the financial statements as discretely presented component units. These entities are legally separate entities for which the primary government is financially accountable but not part of the primary government's operations. Additional information on these discretely presented component units can be found in Notes 1, 9, 10 and 11 of the Notes to the Basic Financial Statements.

The annual budget serves as the foundation for the City of Roanoke's financial planning and control. Per the City Charter, the City Manager provides to the City Council the proposed budget by August 1st each year. The budget is filed with the City Secretary and is open for public inspection. Upon receipt of the budget, the City Council sets a date for a public hearing at which time interested citizens may express their opinions regarding the proposed budget. The Charter requires the Council to adopt the budget by a favorable majority vote prior to the beginning of the next fiscal year.

The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the individual fund level. Financial reports are produced showing budget to actual expenditures by line item and are distributed monthly to City departments for review, and quarterly to the City Council.

ECONOMIC CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Roanoke operates.

The City of Roanoke is located in both Denton and Tarrant County, two of the fastest-growing counties in Texas, in the heart of the Dallas/Fort Worth ("DFW") Metroplex and in close proximity to both the DFW International Airport and the Alliance Airport. Thus, the economic vitality of the region significantly impacts the economic health of Roanoke.

According to the North Texas Commission, DFW is quite unique. Home to 8.5 million people and 13 counties, North Texas is one of the fastest growing regions in the US. DFW is currently the fourth largest metropolitan region in the US and on the way to becoming one of the top three, as the area has 15 cities with populations over 100,000. North Texas is reported to grow by 1 person every 3.3 minutes. With its highly diversified and strong, DFW has a Gross Domestic Product of $800.6 billion, a labor force over 4.5 million strong with the 5th largest concentration of tech workers in the United States, a 2.2% job growth rate, 21 Fortune 500 Companies, and 40 colleges and/or universities, including numerous junior colleges, with enrollment over 420,000. Such an economic environment has helped the region weather economic downturns in key sectors better than other regions of the nation.

DFW Airport reports itself as the third busiest airport in the world, handling over 86 million passengers a year and providing service to 271 destinations. DFW's central North American location makes it the preeminent U.S. hub and connecting point for the entire continent, with the ability to reach every major city in the continental United States within four hours or less. Powering a $596 billion economy by Gross Domestic Product (GDP) and representing 30% of the state GDP, DFW is known as the economic engine for the North Texas region. (SOURCE: DFW website www.dfwairport.com *DFW Airport 2025 Annual Comprehensive Financial Report*).

The AllianceTexas, a Hillwood development, geographically spans two counties, five school districts, and nine municipalities, including the City of Roanoke. This area is a 27,000-acre master-planned, mixed-use community which is home to 602 companies with 65 million square feet of office, retail and industrial space, over 73,000 employees, 15,440 single-family homes and over 3,101 multi-family units. AllianceTexas is anchored by the inland port known as the Alliance Global Logistics Hub. The development includes Fort Worth's Alliance Airport, the first purely industrial airport in the Western Hemisphere, which serves as the cornerstone for the nation's fastest-growing industrial complex. The area offers a variety of commercial real estate options as well as industrial, office, and retail space. Additionally, the AllianceTexas development contributed an estimated $12.9 billion to North Texas in 2025. (SOURCE: Alliance website www.alliancetexas.com, *AllianceTexas Fact Sheet 2025*).

The City of Roanoke continues to enjoy a favorable economic environment. During fiscal year 2025, property values reached an all-time high, and continue to rise as companies discover Roanoke as a prime location to establish operations. The City of Roanoke has been successful in recruiting several Fortune 50 and Fortune 500 companies, thus creating jobs and significantly expanding the local tax base. In addition, Roanoke's designation as the "Unique Dining Capital of Texas" has allowed the City to enhance the downtown area, offering several "unique" dining options, eclectic shopping, and making it a true destination for the citizens and local communities. Management continually monitors revenue collections with expenditure patterns to ensure the City maintains a healthy financial position.

Taxable value for all residential and commercial property in the City of Roanoke totaled approximately $3.9 billion for fiscal year 2025, a 2.2% increase from the prior year, due to increases in both residential and commercial real estate values. Increased strength in employment and growth in new residential and commercial construction are leading indicators of continued growth in the City's property tax base. Sales tax collections increased during FY2024-25 as new businesses came on board and existing businesses showed complete recovery from the previous year's concerns surrounding the Covid-19 pandemic. Additionally, the City of Roanoke's unemployment rate continues to remain below the state and national levels. As December of 2025, the State of Texas unemployment rate matched the national statistic of 4.4%.

Roanoke has several large tracts of undeveloped land within the City's boundaries and continues to focus on attracting quality, sustainable development to the area and to renew the emphasis on business retention. Over the last several years, Roanoke has experienced single-family residential, commercial and industrial growth. The historic downtown Oak Street continues to attract unique restaurants which allowed the Texas House of Representatives to appoint Roanoke as the Unique Dining Capital of Texas. In addition, this area has attracted eclectic boutiques and retail stores.

Roanoke's focus on tourism often brings crowds of over 25,000 or more to local events, attracting visitors from across the Metroplex, around the state, and beyond. Major events include Celebrate Roanoke, Roanoke Hometown Holiday, Roanoke Roundup, the All-American Fireworks Festival, Roanoke Farmer's Market, Fishing in the Park, and Evening on Oak Street Concert Series.

During the fiscal year 2025, the City issued 69 Certificates of Occupancy, including new restaurants, industrial and retail space throughout the City. The City's retail corridor along the Oak Street continues to be an attractive area for visitors, with new businesses such as Heimbaker's Market and Deli, Oak Street Beauty Bar, Board & Brie, and others bringing in substantial retail sales activity in the last several years. Downtown also saw the completion of the Magnolia Live/Work Project in FY22, which is a three-story mixed-use project including 78 urban residential units, 16 live/work units and 5,070 square feet of retail. Portions of the Roanoke City Center were also completed during that year. At its completion, the Center will include approximately 115,000 square feet of retail space, 80,000 square feet of office space, 311 urban residential units (completed), and 35 townhomes (90% complete). Outside of the Oak Street Corridor, new Roanoke businesses include GNC, Massage Therapy, MOD Pizza, Movement Fitness Studio, Sunbelt Rentals, Wild Shelf Bistro, Bingham Family Cellars, Bahama Buck's, and additional retail and office space available for lease.

LONG-TERM FINANCIAL PLANNING

The City of Roanoke has developed a comprehensive capital improvement plan, as well as a multi-year financial plan for the City's major funds. Such strategic planning has allowed the City to fund several major infrastructure improvements, new facilities, park additions and enhancements, and capital purchases in a systematic manner while considering the full impact to the operating budget and tax requirements. While many of these projects have been funded through the issuance of debt, the City has been able to maintain a flat property tax rate for a full 25 years with subsequent rate reductions each fiscal year since 2023. Fiscal year 2026 will be the first year Roanoke's property tax rate increased from the previous year in order to fund new debt and operational needs amid the State's property tax restrictions.

Major capital improvement plans for the next five years include: a new hotel and conference Center adjacent to City Hall; additional public parking along Oak Street; major facility and park renovations; street improvements on Mesa Butte, Marshall Creek, Ashley, Bristol, and Blythe Ridge roads, among others. In addition, new trails are being considered according to the trail master plan. During FY2023, the City completed its residential smart meter replacement program, which has since been well-received by Roanoke utility customers. In addition, the City continues to work with the Texas Department of Transportation on the widening of US 377 project, which is currently underway. The City's portion has been completed and included relocation of water and wastewater lines along the roadway.

The City Council and citizens of Roanoke have determined that debt issuance is a viable method of financing major capital projects. Analysis of potential debt issuance includes the operating impact that the repayment thereof will have on citizens, property tax rates, and enterprise fund service fee revenues. Per the City's fiscal policies, long-term debt will not be used for operating purposes, and, the life of the debt instruments will not exceed the useful life of the projects financed. Policy also specifies that bonds with an average life of 25 years or less will be issued to reduce net interest cost and maintain future flexibility by paying off debt earlier. The majority of the City's existing long-term debt was used to finance infrastructure needs and traditional government facilities, streets, utility infrastructure, and development of parks and open spaces. Additional debt of $23.8 million was issued in FY26 for parking improvements and utility rehabilitation.

The City's fiscal policies state current expenditures will be paid with current revenues. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used for emergencies or nonrecurring expenditures, except when balances can be reduced because levels exceed guidelines or legally-required minimums.

Fiscal policies provide for a General Fund reserve equal to between 30 and 60 days of the total operating revenues of the General Fund. At no time will the reserve fall below 8.3% of the General Fund revenue level (i.e., 30-day level). The current operating reserve is at 162 days of operating revenue which equates to approximately 44% of next year's budgeted revenues. It should be noted that the City recognized a transfer from the Roanoke Economic Development Corporation into the General Fund in FY23, which significantly increased ending General Fund balance. This transfer was a result of the Corporation ceasing to exist during FY23 and the remaining balance being moved. As of this fiscal year, the surplus cash from this transaction has been fully expensed on economic development and capital improvement projects. At the end of the current year, the City was in compliance with this fiscal policy reserve level.

The City's fiscal policies for the Water and Wastewater Fund requires the maintenance of a minimum reserve of sixty days of operating revenue. The City currently maintains 324-day reserve, which is well above the minimum reserve requirements.

Standard & Poor's Global Ratings Services ("S&P"), a division of the McGraw-Hill Companies, Inc., rates the City's general obligation debt and certificates of obligation. In FY2025, S&P reaffirmed its 'AA' long-term rating with a stable outlook. Additional information about the rating agency or the significance of the credit rating may be obtained from its website.

MAJOR INITIATIVES

The City's Capital Improvement Program addresses facility and infrastructure needs throughout the City. Staff has completed many projects over the last several years, including a new municipal court/public safety building. Staff also completed the first phase of the Trail Master Plan project, providing for critical maintenance for street, water, and drainage systems. Deferral of these projects would create an increase in maintenance cost and a financial burden for future generations. In addition, the City is currently working on a Facility Master Plan to address new facility needs and renovations or improvements to existing facilities.

For Fiscal Year 2025-26, the top priority projects for the City are: beginning construction for a new public parking garage along the Oak Street/377 corridor, water and wastewater line improvements, street overlays, design and construction of a 2.0-million-gallon ground storage facility, upgrades at the recreation center as well as other park and trail improvements, design of North Oak Street and Howe Road improvements, and continued focus on adequate staffing and operational funding for parks and recreation operations. Many of these initiatives are currently underway.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roanoke for its annual comprehensive financial report for the fiscal year ended September 30, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. Such report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has been awarded a Certificate of Achievement for the last 19 consecutive years. We believe our current Annual Comprehensive Financial Report meets the Certificate of Achievement program requirements and are submitting it to GFOA for review.

The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated assistance of the entire staff of the Finance Department and City Administration. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful completion of this report.

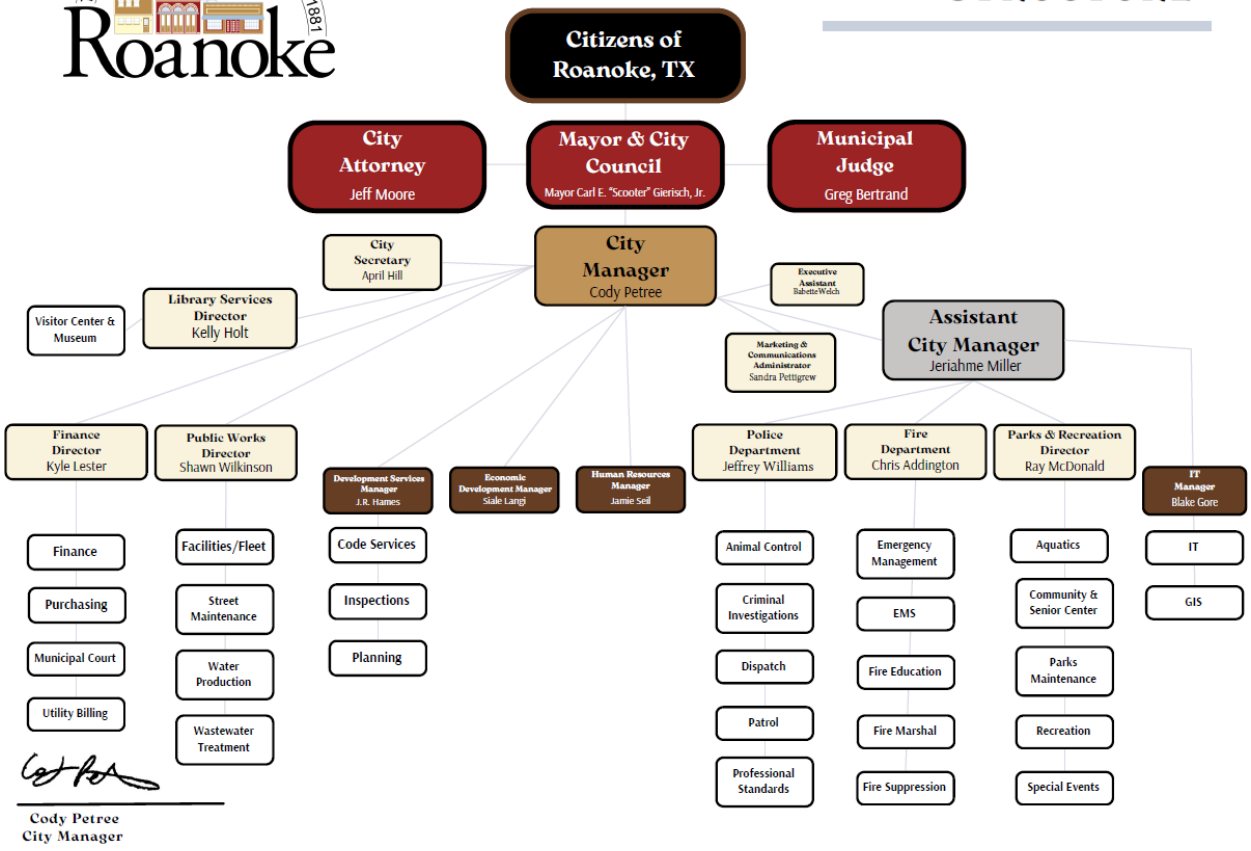
We would like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible, professional, and progressive manner. The City of Roanoke staff welcomes and appreciates your comments.

Respectfully Submitted,

Cody Petree
City Manager

Kyle Lester
Finance Director

ORGANIZATIONAL STRUCTURE



Cody Petree
City Manager

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CITY OF ROANOKE, TEXAS

CITY OFFICIALS
FISCAL YEAR 2024-2025

CITY COUNCIL

Carl E. "Scooter" Grierisch	Mayor	
Holly Gray	Mayor Pro Tem	Ward 1
Hogan Page	Council Member	Ward 1
Brian Darby	Council Member	Ward 2
Bryan Moyers	Council Member	Ward 2
David Brundage	Council Member	Ward 3
David Thompson	Council Member	Ward 3

CITY STAFF

Cody Petree, City Manager

Kyle Lester, Director of Finance

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Roanoke
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

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Financial Section

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Forvis Mazars, LLP
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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Roanoke, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Texas (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund and crime control and prevention district fund budgetary comparison information, pension, and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and

are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Dallas, Texas
March 24, 2026

As management of the City of Roanoke, we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2025. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Has the net position (containing both short-term and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal and the statistical section as well as information in the annual operating and capital budget, along with other community information found on the City's website at www.roanoketexas.com. It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

Financial Highlights

- The net position of the City of Roanoke at the close of the most recent fiscal year was $87,446,637, an increase of $2,647,396 from prior year. This number must be viewed in the context that the vast majority of the City's net position of $58,537,794 (66.9%) are net investments in capital assets and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled $6,844,177 (7.8%). The remaining $22,064,666 (25.2%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- Governmental activities had an increase in total net position of $508,175 and business-type activities realized an increase in total net position of $2,139,221 bringing the net increase in total net position for the City to $2,647,396.
- At the close of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of $38,790,769 which represents a decrease of $6,876,776 in comparison with the prior year. Within this total, $326,678 represents non-spendable fund balance for prepaid items. In addition, $416,572 is restricted for debt service; $128,545 and $167,541 are restricted for Municipal Court building security and technology, respectively; $193,102 is restricted for tourism, convention centers, and arts; $213,537 is restricted for parkland dedication; $11,400,158 for capital projects and $5,724,880 for public safety. Fund Balances of $2,669,841 has been committed to specific types of expenditures, primarily capital in nature. The remaining $17,549,915 is unassigned fund balance, which can be used for any lawful purpose. The General Fund unassigned fund balance represents 48% of fiscal year 2025 total general fund revenues.
- The City's long-term liabilities increased by $19,579,514 due primarily to the issuance of certificates of obligations offset by scheduled principal payments and annual amortizations of premiums and discounts on debt issuances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Roanoke's basic financial statements, which are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information which includes this management's discussion and analysis, budgetary comparison schedule for the general fund, and multi-year funding progress on the City's pension and OPEB plans. In addition to the basic financial statements, this report also contains other required supplementary information as listed in the Table of Contents.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Roanoke's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Roanoke's assets and liabilities, and deferred inflows/outflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Roanoke is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash receipts and cash outlays in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, culture and recreation, and public works. The business-type activities of the City include the water and wastewater system.

The government-wide financial statements include not only the City of Roanoke (the primary government), but also the Roanoke Economic Development and Industrial Corporation and the Al and Lula Mae Slaughter Park Foundation, which are legally separate entities that are financially accountable to the City. The Park Foundation was voted be dissolved in 2024 & assets were transferred to the City in 2025. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 18-21 of this report.

Fund Financial Statements. A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Roanoke, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Facilities Improvement, and Crime Control & Prevention District, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and CCPD Fund. A budgetary comparison statement has been provided for the General Fund and CCPD Fund to demonstrate compliance with the adopted budget. The basic governmental fund financial statements can be found on pages 22-27 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. There are two types of proprietary funds: enterprise funds and internal service funds. The City of Roanoke does not utilize internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Wastewater Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Wastewater fund, which is considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 28-32 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one type of fiduciary fund. The Custodial funds report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity.

The fiduciary fund financial statements can be found on pages 33-34 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-73 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Additionally, schedules comparing budgetary figures and actual results of the General Fund and Crime Control & Prevention District Fund are also located in this section of the report. Required supplementary information can be found on page 75-81 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions and budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 83-96 of this report.

Government-Wide Financial Statement Analysis

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. The City's net position was $87,446,637 as of September 30, 2025.

The largest portion of the City's net position $58,537,794 (66.9%) reflects its investment in capital, lease and subscription assets (*i.e.*, land, buildings, equipment, improvements, construction in progress, lease assets, and infrastructure) net of accumulated depreciation and amortization, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and, with the exception of business-type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future.

Although the City's investment in its capital, lease and subscription assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital, lease, and subscription assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position $6,844,177 (7.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $22,064,666 (25.2%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Current and other assets	$ 52,619,066	$ 62,640,211	$ 18,070,925	$ 11,995,221	$ 70,689,991	$ 74,635,432
Capital assets	117,007,631	92,571,868	12,384,571	13,152,965	129,392,202	105,724,833
Total assets	169,626,697	155,212,079	30,455,496	25,148,186	200,082,193	180,360,265
Deferred outflows of resources	4,777,473	5,074,401	375,205	404,895	5,152,678	5,479,296
Long-term liabilities	95,049,478	78,740,041	6,315,260	3,045,183	101,364,738	81,785,224
Other liabilities	6,924,983	9,936,170	1,240,792	1,350,311	8,165,775	11,286,481
Total liabilities	101,974,461	88,676,211	7,556,052	4,395,494	109,530,513	93,071,705
Deferred inflows of resources	7,684,367	7,373,102	573,354	595,513	8,257,721	7,968,615
Net position:						
Net investment in capital assets	46,894,014	38,346,431	11,643,780	11,186,383	58,537,794	49,532,814
Restricted	6,844,177	5,851,718	-	-	6,844,177	5,851,718
Unrestricted	11,007,151	20,039,018	11,057,515	9,375,691	22,064,666	29,414,709
Total net position	$ 64,745,342	$ 64,237,167	$ 22,701,295	$ 20,562,074	$ 87,446,637	$ 84,799,241

As of September 30, 2025, the City reports positive balances in all three categories of net position, for the government as a whole, as well as, for its separate governmental and business-type activities. The same situation held true for fiscal year 2024.

The City's unrestricted net position decreased by $7,350,043 in fiscal year 2025. Restricted net position realized an increase of $992,459. The amount invested in capital, lease and subscription assets, net of related debt, increased by $9,004,980. The increase in net investment in capital assets portion of net position primarily results from the acquisition of capital assets, as well as the issuance of certificates of obligations. The details of the results of current year operations are discussed in the following sections for governmental and business-type activities.

The following table provides a summary of the City's operations for the fiscal year ended September 30, 2025, with comparative totals for the fiscal year ended September 30, 2024.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Revenues:						
Program revenues:						
Charges for services	$ 2,690,887	$ 2,296,787	$ 11,367,600	$ 10,199,555	$ 14,058,487	$ 12,496,342
Operating grants and contributions	8,108,722	7,304,497	-	-	8,108,722	7,304,497
Capital grants and contributions	1,491,785	713,049	63,749	359,311	1,555,534	1,072,360
General revenues:						
Property taxes	11,877,593	11,804,174	-	-	11,877,593	11,804,174
Sales taxes	22,247,339	19,250,692	-	-	22,247,339	19,250,692
Gross receipt taxes	1,930,602	1,810,279	-	-	1,930,602	1,810,279
Other taxes	140,007	170,344	-	-	140,007	170,344
Grants not restricted to specific program	1,561,097	-	-	-	1,561,097	-
Gain on sale of assets	156,900	111,939	-	-	156,900	111,939
Other revenues	3,128,325	2,958,852	1,732,995	742,025	4,861,320	3,700,877
Total revenues	53,333,257	46,420,613	13,164,344	11,300,891	66,497,601	57,721,504
Expenses:						
General government	18,525,425	15,172,471	-	-	18,525,425	15,172,471
Public safety	18,023,807	15,766,016	-	-	18,023,807	15,766,016
Cultural and recreation	6,536,286	6,039,410	-	-	6,536,286	6,039,410
Public works	6,558,246	4,694,624	-	-	6,558,246	4,694,624
Economic development	2,068,686	1,996,064	-	-	2,068,686	1,996,064
Interest on long-term debt	3,246,613	2,698,262	-	-	3,246,613	2,698,262
Water/wastewater	-	-	8,891,142	8,999,664	8,891,142	8,999,664
Total expenses	54,959,063	46,366,847	8,891,142	8,999,664	63,850,205	55,366,511
Increase in net position before transfers	(1,625,806)	53,766	4,273,202	2,301,227	2,647,396	2,354,993
Transfers	2,133,981	637,165	(2,133,981)	(637,165)	-	-
Increase in net position	508,175	690,931	2,139,221	1,664,062	2,647,396	2,354,993
Net position, beginning	64,237,167	63,546,236	20,562,074	18,898,012	84,799,241	82,444,248
Net position, ending	$ 64,745,342	$ 64,237,167	$ 22,701,295	$ 20,562,074	$ 87,446,637	$ 84,799,241

Governmental Activities. Governmental activities increased the City's net position by $508,175 thereby accounting for 19% of the total net increase in net position.

Total revenue for the governmental activities (excluding transfers from business-type activities) increased from the previous year by $6,912,644. General revenue, which is made up primarily of property taxes, sales taxes, licenses and permits, and gross receipt taxes, had a net increase of $4,935,583. Property tax revenue increased due to an overall increase in taxable values for both residential and commercial properties, as well as new construction added to the tax rolls. Sales tax collections remained strong throughout FY2025 and increased as a result of new businesses, operational changes in retail sales in the restaurant industry, and the continued success of some of our large taxpayers. The Texas Comptroller remitted an additional $3 million in sales tax to the City as an audit adjustment for tax that should have been allocated to Roanoke in past years. These audit adjustments are generall smaller and can often be negative. Other general revenues also increased primarily due to an increase in gross receipt taxes, and grants not restricted to specific programs for revenues recognized during the fiscal year related to ARPA grant expenditures. Total governmental program revenues, which consist primarily of charges for services, grants, and contributions, net to an increase of $1,977,061. Capital contributions from business-type activities to governmental activities and revenues from Denton County related to an Interlocal Agreement for local construction projects are primarily responsible for the increase.

Total expenses for governmental activities increased by $8,592,216, primarily due to the compensation package and associated benefits provided to city employees, additional personnel added to the City, a focus on maintenance and rehabilitation of the City's parks facilities, and increased debt service related to the 2025 issuance of Certificates of Obligation. Additionally, the City began a new hotel development agreement during the fiscal year which incurred significant convention center planning expenditures. The net position of general governmental operations accounts for 74% of total net position.

Business-type Activities. Business-type activities increased the City's net position by $2,139,221 (81% of the total net increase). The change in net position before transfers is income of $4,273,202. Charges for services program revenues for business-type activities increased from the previous year by $1,168,045, which is almost entirely due to a substantial increase in wastewater rates during the fiscal year. Capital grants and contributions decreased from prior year by $295,562 due to a decrease in developer contribution activity. Overall business-type expenses decreased $108,522, which is primarily related to staffing vacancies in the public works and utility services departments. The net position of business-type activities accounts for 26% of total net position.

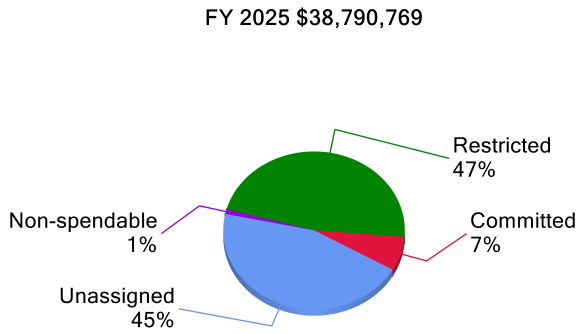
Financial Analysis of the City's Funds

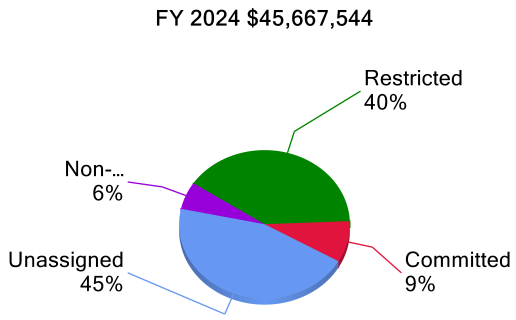
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for discretionary spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of $38,790,769, a decrease of $6,876,776 in comparison to prior year. Approximately 45% or $17,549,915 constitutes an unassigned fund balance in the governmental funds and is available for spending at the City's discretion. Another $326,678 is non-spendable fund balance for prepaid items. The remainder of the fund balance is either restricted or committed, to indicate that it is: 1) restricted to pay debt service ($416,572), 2) restricted for municipal court technology and building security ($296,086), 3) restricted for public safety ($5,724,880), 4) restricted for tourism ($193,102), 5) restricted for parkland ($213,537), 6) restricted for capital projects ($11,400,158), 7) committed to capital projects ($831,301), or 8) committed to vehicle replacement ($1,838,540). See discussion under Fund Balance Classifications in the Notes to the Basic Financial Statements for additional details on fund balance.

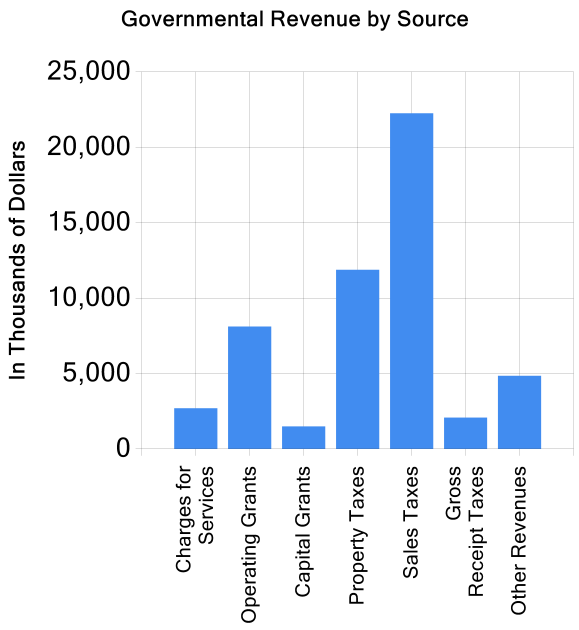
Fund Balances by Type
Governmental Funds

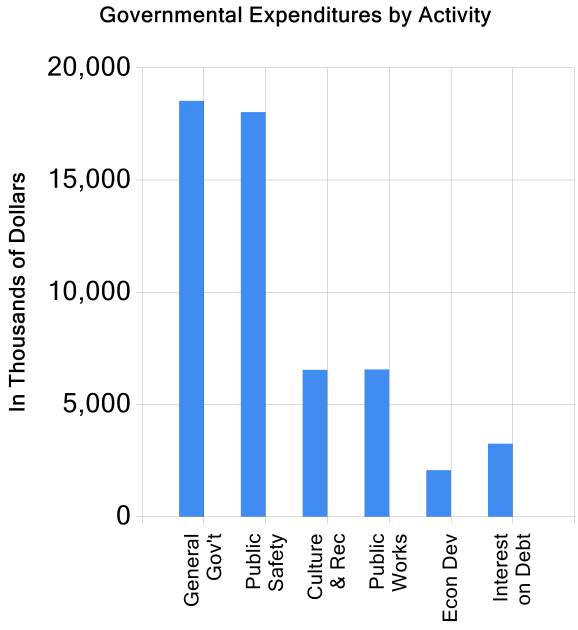




In the General Fund, the City budgeted for a decrease in fund balance (planned reduction) of $8,249,427. It is one of the City's financial policies to maintain a fund balance in the general fund equal to 60 days (16%) of expenditures and when those balances significantly exceed the 60-day target, to utilize these funds for capital projects and pay-as-you-go capital expenditures. Actual revenues exceeded the original budgeted amount in several categories. Total revenues exceeded budget projections by $2,727,207. In addition, total expenditures were more than budgeted amounts by $993,620 due to a capital project expense that was accrued to the General Fund at the end of the year. As a measure of the General Fund's liquidity, it may also be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 45% of total general fund expenditures, or 160 days.

Several General Fund revenue categories realized increases over the prior year, including property tax collections, sales tax collections, gross receipt taxes, license and permits, intergovernmental revenues, charges for service, investment income, other income, and grants. This increase is primarily due to new business openings, expansion of current businesses, updated operating models on retail sales and the restaurant industry, as well as the continued success of some of our largest taxpayers. Taxable property values increased 2.3% over the prior year values. The resulting increase in property tax collections was approximately $390,000. The increase in intergovernmental revenue is almost entirely due to recognition of grant revenues related to ARPA expenditures during the fiscal year.





Expenditures increased approximately $7,342,128 over prior year and ended the fiscal year over budget projections by $993,620 due to a year-end capital project expenditure. The increase in expenditures from prior year is primarily due to the City's merit increase program every year and additional compensation increases from routine market compensation surveys. Additionally, increased cost of materials and planning expenditures related to a new hotel development project resulted in a significant increase in expenditures during the current fiscal year. Expenditures incurred in excess of budgeted amounts were funded through surplus revenues and earnings.

The Debt Service fund balance increased $827, increasing the total fund balance to $172,808, all of which is restricted for the payment of debt. This was due to increased transfers in from other funds which was partially offset by increased debt service expenditures.

The Facilities Improvement fund balance decreased $3,823,296, decreasing the total fund balance to $4,115,159, all of which is restricted for capital projects. This was due to an increase in capital outlay expenditures, primarily related to the police department and court building projects. The overall increase in expenditures was partially offset by proceeds received from the issuance of Certificates of Obligations during the fiscal year.

The Crime Control & Prevention District fund balance increased $242,477, increasing the total fund balance to $4,280,499, all of which is restricted for public safety. This was due to strong sales tax collections during the fiscal year.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Unrestricted net position of the proprietary funds at the close of the fiscal year totaled $11,057,515 for the Water and Wastewater fund. The Water and Wastewater fund realized an increase in unrestricted net position of $1,681,824.

General Fund Budgetary Highlights

During FY2024-25, actual revenues exceeded the final budget by $2,727,207, which was primarily related to increased sales tax, licenses and permits, charges for services, investment income, and other revenues. Actual expenditures were $993,620 more than the final budget due to capital project expenditures being accrued to fiscal year 2025.

Pensions and Retiree Health Care

The City is committed to providing pensions and other postemployment benefit programs in these areas that are fair to both the employees and taxpayers and that can be sustained over the long term.

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to the effectiveness of its funding strategy. Information contained in the financial statements themselves, including the first schedule of the Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2025 of $10,176,340 which is 63.25% of the City's fiscal year 2025 covered payroll of $16,088,560.

Retiree health care's actuarially accrued liability has been calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* which replaced the previous authoritative guidance regarding the City's retiree health care benefits. The defined benefit portion of the City's retiree health program is only offered to retirees until the age of 65 when they become Medicare eligible. The TOL recorded as of September 30, 2025 is $1,419,573, which is 8.91% of the City's fiscal year 2025 covered employee payroll of $15,935,360.

Capital, Lease and Subscription Assets

The City's investment in capital, lease, and subscription assets for its governmental and business-type activities as of September 30, 2025 , totaled $129,392,202 (net of accumulated depreciation and amortization). The investment in capital assets includes land, improvements, buildings, vehicles, equipment, infrastructure, lease and subscription assets and construction in progress. The net increase in the City's investment in capital assets for the current fiscal year was $23,667,369, an increase of 22%.

Capital, Lease and Subscription Assets (Net of Accumulated Depreciation and Amortization)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 5,989,193	$ 5,989,193	$ -	$ -	$ 5,989,193	$ 5,989,193
Improvements other than buildings	4,485,400	5,366,366	209,791	238,822	4,695,191	5,605,188
Buildings/Structures	16,128,667	18,083,287	91,296	103,469	16,219,963	18,186,756
Vehicles	5,057,111	2,430,421	-	-	5,057,111	2,430,421
Machinery and equipment	3,784,411	4,177,445	563,657	759,089	4,348,068	4,936,534
Infrastructure	28,110,734	31,213,760	-	-	28,110,734	31,213,760
Lease asset	2,602,965	23,625	-	-	2,602,965	23,625
SBITAs	357,744	206,836	-	-	357,744	206,836
Water/Sewer system	-	-	11,262,957	11,897,278	11,262,957	11,897,278
Construction in progress	50,491,406	25,080,935	256,870	154,307	50,748,276	25,235,242
Total	$ 117,007,631	$ 92,571,868	$ 12,384,571	$ 13,152,965	$ 129,392,202	$ 105,724,833

Major capital asset events occurring during the current fiscal year included the following:

- Construction-in-progress related to general government operations of $50,491,406 primarily consisted of Police Department and Courts Building project ($47,913,904); Dorman - North Walnut Concrete Street Improvements ($1,477,088); 377 Street Upgrades ($447,992); and Police Department Equipment Installation project ($468,586).
- Other capital asset additions for governmental operations included new fire equipment, public safety equipment, parks and recreation equipment, technology upgrades, heavy equipment for public works, and new vehicles for various departments. Capital asset additions also included infrastructure contributions from developers in the amount of $36,675 and contributions from the Roanoke Economic Industrial Development Corporation of $167,038 for the A1 Trail project, $15,918 for a building, and $281,146 for various parks and public works equipment.
- Capital asset additions for the business-type activities included utility equipment and emergency generators. Capital asset additions also included infrastructure contributions from developers in the amount of $63,749 for utility improvements.

Additional information on the City's capital, lease and subscription assets can be found in *Note 2* on pages 55-57 of this report.

Debt Administration

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of $84,064,504. Of this amount, $83,140,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's long-term obligations is comprised of notes payable, leases and SBITA liabilities.

Outstanding Bonded Debt

	Governmental Activities		Business-type Activities		Primary Government Total	
	2025	2024	2025	2024	2025	2024
GO Bonds	$ 4,230,000	$ 7,362,008	$ 110,000	$ 882,992	$ 4,340,000	$ 8,245,000
COs	73,950,000	55,985,000	4,850,000	675,000	78,800,000	56,660,000
Tax Notes	-	265,000	-	-	-	265,000
Notes Payable	-	-	301,377	353,734	301,377	353,734
SBITAs	310,418	201,432	-	-	310,418	201,432
Leases	312,709	25,147	-	-	312,709	25,147
Totals	$ 78,803,127	$ 63,838,587	$ 5,261,377	$ 1,911,726	$ 84,064,504	$ 65,750,313

The City issued $28,495,000 in Certificates of Obligation during fiscal year 2025, which was recorded in governmental activities and the Water and Wastewater fund. The City's total debt increased $18,314,191 during fiscal year 2025 due to issuance of certificates of obligation, offset by payments.

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. rates the City's general obligation debt at AA.

Additional information on the City's long-term debt can be found in *Note 2* on pages 58-60.

Economic Factors and Next Year's Budgets and Rates

The City of Roanoke's elected, and appointed officials consider many factors when preparing the City's budget. In the FY2025-26 budget, General Fund revenues and transfers are budgeted to increase by 13.5% from the 2024-25 budget due to growth in property tax, sales tax, and business franchises, indicating a healthy economic return. Additional revenue through interfund transfers is expected due to a restructuring of the City's personnel schedule so that the Crime Control and Prevention District and Industrial Development Corporation funds will reimburse the General Fund for operational costs associated with their respective authorizations (previously, personnel associated with these operations were paid for directly out of those funds). This restructuring began in 2025 and continues in 2026. Property taxes account for 21% of budgeted revenues and sales tax comprise approximately 38% of budgeted revenues. Certified assessed valuations as of July 25, 2025 increased 3% from the preceding year. Increases in residential values were significant but partially offset due to the State's circuit-breaker exemption taking effect in FY2025 as well as increases in other exemption amounts from the previous year. In the FY2025-26 budget, sales tax receipts are projected to grow at 2-3%. Other revenue sources are projected to remain flat or increase slightly in some areas.

The General Fund ended fiscal year 2024-25 with unassigned fund balance of $17,549,915, of which the City allocated $8.25 million for one-time capital purchases and non-recurring economic developmet costs in fiscal year 2025-26.

Budgeted expenditures in the General Fund are projected to decrease approximately 6% from the fiscal year 2024-25 original budget due to lower debt service costs, as Roanoke used available cash in the General Fund to call three bond issues in fiscal year 2025. Increases in personnel costs partially offset this decrease. The property tax rate increased from 0.308039 to 0.326182 cents per $100 assessed valuation for fiscal year 2025-26.

For the Water and Wastewater Fund, the FY2025-26 budget includes the continuation of the tiered rate structure for water volume billing along with much-needed rate increases to ensure the water and wastewater revenues are sufficent to cover their respective operating expenses. Under the tiered structure, customers pay a graduated volume rate based on varying levels of monthly water consumption. Volume rates range from $3.29 to $11.54 per thousand gallons. The water and wastewater revenue projections were based on historical consumption averages, with proposed increased in collections based on growth. In addition, the city plans to adjust both water and wastewater rates due to projected pass-through increases from both the City of Fort Worth and Trinity River Authority. A wastewater volume charge of $10.09 per thousand gallons applies to all customer classes. Residential wastewater volume charges are based on an average of winter water consumption and are capped at a maximum of 10,000 gallons per month. The City budgeted to continue its capital projects in the Water and Wastewater Fund, which includes waterline improvements, additional equipment for public works and a new two-million water ground storage tank.

Request for Information

The financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the City of Roanoke's finances. If you have questions about this report or need additional information, contact the Fiscal and Administrative Services Department, Attn: Kyle Lester, Finance Director, at City of Roanoke, 500 S. Oak Street, Roanoke TX 76262, call (817) 491-6075, or e-mail klester@roanoketexas.com

Basic Financial Statements

City of Roanoke, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets and Deferred Outflows of Resources				
Assets				
Cash and cash equivalents	$ 18,230,227	$ 10,494,350	$ 28,724,577	$ 7,033,149
Investments	9,340,299	4,726,335	14,066,634	4,186,873
Receivables (net of allowances for uncollectibles)	4,490,590	1,549,810	6,040,400	1,073,001
Lease receivable	-	575,850	575,850	-
PPP receivable	4,998,360	-	4,998,360	-
Prepaid items	329,156	221,349	550,505	-
Restricted cash and cash equivalents	15,230,434	503,231	15,733,665	-
Capital assets not being depreciated	56,480,599	256,870	56,737,469	3,532,807
Capital, lease & subscription assets, net of accumulated depreciation/amortization	60,527,032	12,127,701	72,654,733	2,290,150
Total assets	169,626,697	30,455,496	200,082,193	18,115,980
Deferred Outflows of Resources				
Deferred charge on refunding	18,735	17,019	35,754	150,203
Deferred outflows of resources - pension	4,198,437	316,012	4,514,449	-
Deferred outflows of resources - OPEB	560,301	42,174	602,475	-
Total deferred outflows of resources	4,777,473	375,205	5,152,678	150,203
Total assets and deferred outflows of resources	$ 174,404,170	$ 30,830,701	$ 205,234,871	$ 18,266,183

City of Roanoke, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	$ 3,314,843	$ 550,197	$ 3,865,040	$ 294,715
Retainage payable	2,315,725	-	2,315,725	-
Other accrued liabilities	836,549	168,448	1,004,997	-
Deposits payable	-	503,231	503,231	-
Accrued interest payable	457,866	18,916	476,782	43,888
Noncurrent Liabilities				
Due within one year:				
Accrued compensated absences	529,386	16,179	545,565	-
Notes payable	-	53,977	53,977	-
Lease liability	68,301	-	68,301	-
SBITA liability	199,460	-	199,460	-
Bonds payable, net	4,640,000	230,000	4,870,000	365,000
Total OPEB liability	84,074	-	84,074	-
Due in more than one year:				
Accrued compensated absences	1,588,158	48,538	1,636,696	-
Notes payable	-	247,400	247,400	-
Lease liability	244,408	-	244,408	-
SBITA liability	110,958	-	110,958	-
Bonds payable, net	76,553,921	4,879,807	81,433,728	4,035,000
Arbitrage liability	330,687	27,645	358,332	-
Net pension liability	9,463,996	712,344	10,176,340	-
Total OPEB liability	1,236,129	99,370	1,335,499	-
Total noncurrent liabilities	95,049,478	6,315,260	101,364,738	4,400,000
Total liabilities	101,974,461	7,556,052	109,530,513	4,738,603
Deferred Inflows of Resources				
Deferred inflows of resources - pension	672,833	50,644	723,477	-
Deferred inflows of resources - OPEB	290,171	21,841	312,012	-
Lease related	-	500,869	500,869	-
PPP related	6,721,363	-	6,721,363	-
Total deferred inflows of resources	7,684,367	573,354	8,257,721	-
Net Position				
Net investment in capital assets	46,894,014	11,643,780	58,537,794	5,822,957
Restricted for:				
Debt service	416,572	-	416,572	-
Municipal court building security	128,545	-	128,545	-
Municipal court technology	167,541	-	167,541	-
Tourism, convention centers, arts	193,102	-	193,102	-
Public safety	5,724,880	-	5,724,880	-
Parkland dedication	213,537	-	213,537	-
Economic development	-	-	-	7,704,623
Unrestricted	11,007,151	11,057,515	22,064,666	-
Total net position	64,745,342	22,701,295	87,446,637	13,527,580
Total liabilities, deferred inflows of resources and net position	$ 174,404,170	$ 30,830,701	$ 205,234,871	$ 18,266,183

City of Roanoke, Texas
Statement of Activities
Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	$ 18,525,425	$ 9,831	$ 1,745,729	$ -
Public safety	18,023,807	966,179	1,408,068	-
Culture and recreation	6,536,286	856,651	4,954,925	-
Public works	6,558,246	858,226	-	1,491,785
Economic development	2,068,686	-	-	-
Interest	3,246,613	-	-	-
Total governmental activities	54,959,063	2,690,887	8,108,722	1,491,785
Business-type activities:				
Water and Wastewater	8,891,142	11,367,600	-	63,749
Total business-type activities	8,891,142	11,367,600	-	63,749
Total primary government	$ 63,850,205	$ 14,058,487	$ 8,108,722	$ 1,555,534
Component Units:				
Roanoke Economic Industrial Development Corporation	8,507,430	-	-	-
Al & Lula Mae Slaughter Park Foundation	499,198	-	-	-
Total component units	$ 9,006,628	$ -	$ -	$ -
General revenues:				
Property taxes				
Sales and use taxes				
Gross receipt taxes				
Other taxes				
Grants not restricted to specific programs				
Investment income				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (16,769,865)	$ -	$ (16,769,865)	$ -
(15,649,560)	-	(15,649,560)	-
(724,710)	-	(724,710)	-
(4,208,235)	-	(4,208,235)	-
(2,068,686)	-	(2,068,686)	-
(3,246,613)	-	(3,246,613)	-
(42,667,669)	-	(42,667,669)	-
-	2,540,207	2,540,207	-
-	2,540,207	2,540,207	-
$ (42,667,669)	$ 2,540,207	$ (40,127,462)	$ -
			(8,507,430)
			(499,198)
			(9,006,628)
11,877,593	-	11,877,593	-
22,247,339	-	22,247,339	7,685,404
1,930,602	-	1,930,602	-
140,007	-	140,007	-
1,561,097	-	1,561,097	-
2,466,362	646,137	3,112,499	508,740
156,900	-	156,900	-
661,963	1,086,858	1,748,821	114,248
2,133,981	(2,133,981)	-	-
43,175,844	(400,986)	42,774,858	8,308,392
508,175	2,139,221	2,647,396	(698,236)
64,237,167	20,562,074	84,799,241	14,225,816
$ 64,745,342	$ 22,701,295	$ 87,446,637	$ 13,527,580

City of Roanoke, Texas
Balance Sheet
Governmental Funds
September 30, 2025

	General	Debt Service	Facilities Improvement	Crime Control and Prevention District
Assets				
Cash and cash equivalents	$ 11,910,363	$ 172,808	$ 7,278,440	$ 3,241,749
Investments	8,281,918	-	-	-
Receivables (net of allowance for uncollectibles):				
Property taxes	69,051	57,912	-	-
Sales taxes	2,145,802	-	-	1,042,637
Gross receipts taxes	20,320	-	-	-
Other receivables	633,797	-	-	-
Intergovernmental receivable	11,805	-	-	-
PPP receivable	4,998,360	-	-	-
Prepaid items	326,678	-	-	-
Total assets	$ 28,398,094	$ 230,720	$ 7,278,440	$ 4,284,386
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 2,080,943	$ -	$ 951,707	$ 3,887
Retainage payable	-	-	2,211,574	-
Other accrued liabilities	836,400	-	-	-
Total liabilities	2,917,343	-	3,163,281	3,887
Deferred Inflows of Resources				
Unavailable revenue	581,905	57,912	-	-
PPP related	6,721,363	-	-	-
Total deferred inflows of resources	7,303,268	57,912	-	-
Fund Balances				
Nonspendable	326,678	-	-	-
Restricted:				
Debt service	-	172,808	-	-
Capital projects	-	-	4,115,159	-
Municipal court building security	128,545	-	-	-
Municipal court technology	167,541	-	-	-
Tourism, convention centers, arts	-	-	-	-
Public safety	-	-	-	4,280,499
Parkland dedication	-	-	-	-
Committed	4,804	-	-	-
Unassigned	17,549,915	-	-	-
Total fund balances	18,177,483	172,808	4,115,159	4,280,499
Total liabilities, deferred inflows of resources and fund balances	$ 28,398,094	$ 230,720	$ 7,278,440	$ 4,284,386

Street Construction	Nonmajor Governmental Funds	Total Governmental Funds
$ 7,095,077	$ 3,762,224	$ 33,460,661
-	1,058,381	9,340,299
-	-	126,963
-	-	3,188,439
-	48,980	69,300
395,234	65,052	1,094,083
-	-	11,805
-	-	4,998,360
-	2,478	329,156
$ 7,490,311	$ 4,937,115	$ 52,619,066
$ 101,161	$ 177,145	$ 3,314,843
104,151	-	2,315,725
-	149	836,549
205,312	177,294	6,467,117
-	-	639,817
-	-	6,721,363
-	-	7,361,180
-	-	326,678
-	243,764	416,572
7,284,999	-	11,400,158
-	-	128,545
-	-	167,541
-	193,102	193,102
-	1,444,381	5,724,880
-	213,537	213,537
-	2,665,037	2,669,841
-	-	17,549,915
7,284,999	4,759,821	38,790,769
$ 7,490,311	$ 4,937,115	$ 52,619,066

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City of Roanoke, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance – governmental funds	$ 38,790,769
Capital, lease, and subscripton assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	117,007,631
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(457,866)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.	639,817
Long-term liabilities and deferred outflows and inflows of resources (deferred charge on refunding, pension related, and OPEB related), including leases payable, SBITA payable, bonds payable, tax notes, compensated absences, net pension liability and total OPEB liability are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.	(91,235,009)
Net position of governmental activities	$ 64,745,342

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2025

	General	Debt Service	Facilities Improvement	Crime Control and Prevention District
Revenues				
Property taxes	$ 6,850,851	$ 4,974,782	$ -	$ -
Sales taxes	15,373,141	-	-	6,874,198
Gross receipts tax	1,805,790	-	-	-
Licenses and permits	858,226	-	-	-
Intergovernmental	1,701,104	-	-	-
Charges for services	2,473,095	-	-	-
Grants and contributions	5,158,587	-	-	-
Fines and fees	546,445	-	-	-
Investment income	979,196	83,270	751,330	99,866
Donations	115,132	238,645	-	-
Other revenue	350,970	-	-	309,492
Total revenues	36,212,537	5,296,697	751,330	7,283,556
Expenditures				
Current				
General government	14,199,985	-	-	-
Public safety	15,248,718	-	-	643,453
Culture and recreation	4,845,908	-	-	-
Public works	3,178,047	-	-	-
Economic development	-	-	2,068,686	-
Debt service				
Bond issuance costs	-	14,800	155,562	-
Principal	149,691	9,562,008	-	-
Interest	13,094	3,566,513	-	5,957
Capital outlay	1,246,271	-	25,014,651	645,625
Total expenditures	38,881,714	13,143,321	27,238,899	1,295,035
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,669,177)	(7,846,624)	(26,487,569)	5,988,521
Other Financing Sources (Uses)				
Issuance of long-term debt	-	-	19,280,000	-
Premium on issuance of debt	-	-	1,088,024	-
Discount on issuance of debt	-	-	(204,099)	-
Lease issued	361,959	-	-	-
SBITAs issued	18,968	-	-	165,312
Sale of general capital assets	-	-	-	-
Transfers in	4,313,257	7,847,451	2,500,348	-
Transfers out	(7,315,710)	-	-	(5,911,356)
Total other financing sources (uses)	(2,621,526)	7,847,451	22,664,273	(5,746,044)
Net Change in Fund Balances	(5,290,703)	827	(3,823,296)	242,477
Fund Balances, Beginning of Year	23,468,186	171,981	7,938,455	4,038,022
Change from nonmajor fund to major fund	-	-	-	-
Fund Balances, Beginning of Year, as Restated	23,468,186	171,981	7,938,455	4,038,022
Fund Balances, End of Year	$ 18,177,483	$ 172,808	$ 4,115,159	$ 4,280,499

See Notes to Financial Statements

Street Construction	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 11,825,633
-	-	22,247,339
-	124,812	1,930,602
-	-	858,226
991,008	-	2,692,112
-	-	2,473,095
-	1,128,198	6,286,785
-	-	546,445
334,172	218,528	2,466,362
-	66,780	420,557
-	1,501	661,963
1,325,180	1,539,819	52,409,119
-	142,309	14,342,294
-	374,230	16,266,401
-	224,384	5,070,292
853,295	-	4,031,342
-	-	2,068,686
127,000	-	297,362
-	-	9,711,699
-	-	3,585,564
2,658,216	2,499,280	32,064,043
3,638,511	3,240,203	87,437,683
(2,313,331)	(1,700,384)	(35,028,564)
4,850,000	-	24,130,000
407,825	-	1,495,849
(127,432)	-	(331,531)
-	-	361,959
-	-	184,280
-	177,250	177,250
150,000	686,398	15,497,454
-	(136,407)	(13,363,473)
5,280,393	727,241	28,151,788
2,967,062	(973,143)	(6,876,776)
-	10,050,901	45,667,545
4,317,937	(4,317,937)	-
4,317,937	5,732,964	45,667,545
$ 7,284,999	$ 4,759,821	$ 38,790,769

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City of Roanoke, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance – total governmental funds	$	(6,876,776)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays of $32,064,043 exceeded depreciation and amortization of $8,108,707 in the current year.		23,955,336
The net effect of various transactions involving capital assets (i.e. disposals/sales and developer contributions) is to decrease net position.		480,427
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This amount is the net change in deferred inflows of resources.		266,461
The issuance of long-term debt (bonds and related premium and discount and leases and SBITAs) provides current financial resources to governmental funds, but has no effect on net position.		(25,840,557)
The repayment of the principal of long-term debt, including amounts provided to bond escrow agent, consumes the current financial resources of governmental funds, but has no effect on net position.		9,711,699
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		810,037
Governmental funds report the effect of gains and losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		(9,611)
Current year pension and OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.		(827,190)
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.		(700,176)
Current year changes in long-term liabilities for arbitrage liabilities do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.		(330,687)
Current year change in accrued interest payable does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.		(130,788)
Change in net position of governmental activities	$	508,175

City of Roanoke, Texas
Statement of Net Position
Proprietary Fund
September 30, 2025

	Water and Wastewater
Assets	
Current assets	
Cash and cash equivalents	$ 10,494,350
Investments	4,726,335
Receivables (net of allowance for doubtful accounts):	
Accounts receivable	1,523,976
Lease receivable	57,557
Other miscellaneous receivables	25,834
Prepaid items	221,349
Restricted cash and cash equivalents:	
Customer deposits	503,231
Total current assets	17,552,632
Noncurrent assets	
Lease receivable	518,293
Capital assets:	
Infrastructure	31,387,041
Buildings	121,728
Machinery and equipment	1,412,509
Vehicles	18,237
Construction in progress	256,870
Land improvements	263,506
Accumulated depreciation	(21,075,320)
Total capital assets, net of accumulated depreciation	12,384,571
Total noncurrent assets	12,902,864
Total assets	30,455,496
Deferred Outflows of Resources	
Deferred charge on refunding	17,019
Deferred outflows of resources - pension	316,012
Deferred outflows of resources - OPEB	42,174
Total deferred outflows of resources	375,205

City of Roanoke, Texas
Statement of Net Position
Proprietary Fund
September 30, 2025

	Water and Wastewater
Liabilities	
Current liabilities	
Accounts payable	$ 550,197
Accrued liabilities	138,538
Compensated absences	16,179
Customer deposits payable	503,231
Bonds payable, net	230,000
Note payable	53,977
Accrued interest payable	18,916
Other liabilities	29,910
Total current liabilities	1,540,948
Noncurrent liabilities	
Compensated absences	48,538
Bonds payable, net	4,879,807
Note payable	247,400
Arbitrage liability	27,645
Net pension liability	712,344
Total OPEB liability	99,370
Total noncurrent liabilities	6,015,104
Total liabilities	7,556,052
Deferred Inflows of Resources	
Lease related	500,869
Deferred inflows of resources - pension	50,644
Deferred inflows of resources - OPEB	21,841
Total deferred inflows of resources	573,354
Net Position	
Net investment in capital assets	11,643,780
Unrestricted	11,057,515
Total net position	$ 22,701,295

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City of Roanoke, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2025

	Water and Wastewater
Operating Revenues	
Water service	$ 6,384,184
Wastewater service	4,791,793
Impact fees	125,800
Other charges for services and miscellaneous	1,086,858
Total operating revenues	12,388,635
Operating Expenses	
Personnel services	1,139,436
Maintenance and supplies	851,606
General and administrative	1,102,173
Water production and distribution	4,646,353
Depreciation	941,390
Total operating expenses	8,680,958
Operating Income	3,707,677
Nonoperating Revenues (Expenses)	
Investment income	646,137
Interest expense and fiscal charges	(210,184)
Leases	65,823
Total nonoperating revenues (expenses)	501,776
Income Before Transfers & Capital Contributions	4,209,453
Capital contributions	63,749
Transfers out	(2,133,981)
Change in Net Position	2,139,221
Net Position, Beginning of Year	20,562,074
Net Position, End of Year	$ 22,701,295

City of Roanoke, Texas
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2025

	Business-type Activities Water and Wastewater
Cash Flows from Operating Activities	
Receipts from customers	$ 12,434,966
Return of customer deposits	(55,420)
Payments to suppliers for goods and services	(6,711,684)
Payments to employees for salaries and benefits	(1,259,903)
Net cash provided by operating activities	4,407,959
Cash Flows from Noncapital Financing Activities	
Transfers to other funds	(2,133,981)
Net cash used in noncapital financing activities	(2,133,981)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(109,247)
Principal paid on capital debt and notes payable	(1,015,349)
Interest and fiscal charges paid on capital debt and notes payable	(227,962)
Proceeds from issuance of bonds	4,498,950
Principal payments received on leases receivable	21,791
Interest payments received on leases receivable	30,628
Net cash used in capital and related financing activities	3,198,811
Cash Flows from Investing Activities	
Maturity of investments	793,665
Interest on investments	646,137
Net cash provided by investing activities	1,439,802
Net increase in cash and cash equivalents	6,912,591
Cash and Cash Equivalents, Beginning of Year (including $558,651 reported as restricted assets)	4,084,990
Cash and Cash Equivalents, End of Year (including $503,231 reported as restricted assets)	$ 10,997,581

City of Roanoke, Texas
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2025

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating income	$	3,707,677
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation		941,390
(Increases) decreases in assets and deferred outflows of resources:		
Accounts receivable and unbilled revenue		46,331
Prepaid expenses		(55,528)
Deferred outflows of resources		71,243
Increases (decreases) in liabilities and deferred inflows of resources:		
Accounts payable		88,732
Accrued liabilities		(153,426)
Customer deposits		(55,420)
Compensated absences		(42,174)
Net pension liability		(190,668)
Total OPEB liability		55,756
Deferred inflows of resources		(5,954)
Total adjustments		700,282
Net cash provided by operating activities	$	4,407,959
Schedule of noncash capital and related financing activities:		
Capital contributions	$	63,749

City of Roanoke, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2025

	Custodial Funds
Assets	
Cash and cash equivalents	$ 447,538
Total assets	447,538
Liabilities	
Accrued expenses	406,125
Total liabilities	406,125
Net Position	
Restricted for individuals, organizations other governments	41,413
Total net position	$ 41,413

City of Roanoke, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2025

	Custodial Funds
Additions	
Fines and forfeiture collections for other governments	$ 412,258
Total additions	412,258
Deductions	
Payments of fines and forfeitures to other governments	412,258
Total deductions	412,258
Net Change in Fiduciary Net Position	-
Net Position, Beginning of Year	41,413
Net Position, End of Year	$ 41,413

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City of Roanoke, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2025

	REIDC	Al and Lula Mae Slaughter Park Foundation	Total
Assets			
Cash and cash equivalents	$ 7,033,149	$ -	$ 7,033,149
Investments	4,186,873	-	4,186,873
Sales tax receivables	1,072,901	-	1,072,901
Other receivables	100	-	100
Capital assets not being depreciated	3,532,807	-	3,532,807
Capital and lease assets being depreciated/amortized	2,290,150	-	2,290,150
Total assets	18,115,980	-	18,115,980
Deferred Outflows of Resources			
Deferred charge on refunding	150,203	-	150,203
Total deferred outflows of resources	150,203	-	150,203
Total assets and deferred outflows of resources	18,266,183	-	18,266,183
Liabilities			
Accounts payable	294,715	-	294,715
Accrued interest payable	43,888	-	43,888
Noncurrent liabilities:			
Due within one year	365,000	-	365,000
Due in more than one year	4,035,000	-	4,035,000
Total liabilities	4,738,603	-	4,738,603
Net Position			
Net investment in capital assets	5,822,957	-	5,822,957
Restricted	7,704,623	-	7,704,623
Total net position	13,527,580	-	13,527,580
Total liabilities and net position	$ 18,266,183	$ -	$ 18,266,183

City of Roanoke, Texas
Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
Roanoke Economic Industrial Development Corporation	$ 8,507,430	$ -	$ -	$ -
Al & Lula Slaughter Park Foundation	499,198	-	-	-
Total component units	$ 9,006,628	$ -	$ -	$ -
General revenues:				
Sales and use taxes				
Investment income				
Miscellaneous				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

Net (Expense) Revenue and Changes in Net Position Component Units		
REIDC	Slaughter Park Foundation	Total
$ (8,507,430)	$ -	$ (8,507,430)
-	(499,198)	(499,198)
(8,507,430)	(499,198)	(9,006,628)
7,685,404	-	7,685,404
496,436	12,304	508,740
114,248	-	114,248
8,296,088	12,304	8,308,392
(211,342)	(486,894)	(698,236)
13,738,922	486,894	14,225,816
$ 13,527,580	$ -	$ 13,527,580

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Notes to Financial Statements

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Note 1. Summary of Significant Accounting Policies

The City of Roanoke (City) was incorporated in 1933. The City operates under a Council-Manager form of government and provides the following services: general government, police and fire protection, emergency ambulance service, road and traffic signal maintenance, water and wastewater operations, parks and recreational facilities, courts, library services, building inspection and development services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments, as established by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described as follows:

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is governed by an elected mayor and six-member council.

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

Discretely Presented Component Units

The Roanoke Economic Industrial Development Corporation (REIDC) is a discretely presented component unit. The REIDC is governed by a five-member board appointed by the City Council. The City does not have a voting majority of the corporation. The purpose of the REIDC is to aid, promote and further the economic development within the City. The REIDC is financed with a voter approved half-cent city sales tax; therefore, the organization is fiscally dependent upon the City. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. The REIDC is presented as a governmental fund type and has a September 30 year-end. The REIDC does not issue separate financial statements. For more information about the REIDC, refer to *Note 9*.

The Al & Lula Mae Slaughter Park Foundation (Slaughter Park) is also a discretely presented component unit. The Slaughter Park Foundation is governed by a five-member board, of which two directors are represented by the Al and Lula Mae Slaughter family, and three are appointed by the City Council. The Slaughter Park Foundation is a 501(3) (c) corporation whose purpose is to benefit and accomplish public projects related to the city-owned Al & Lula Mae Slaughter Park facilities. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Slaughter Park Foundation is presented as a governmental fund type and has a September 30 year-end. The Slaughter Park Foundation does not issue separate financial statements. For more information about the Slaughter Park Foundation, refer to *Note 10*. The Al and Lula Mae Slaughter Foundation was dissolved in the fiscal year and all assets transferred to the primary government.

Blended Component Unit

The Crime Control and Prevention District (CCPD) was formed under Chapter 363 of the Texas Local Government Code, the *Crime Control and Prevention Act*. The CCPD is organized exclusively to act on behalf of the City to finance crime control within the City. The CCPD is governed by a seven member board appointed by the City Council. The annual budget and issuance of debt must be approved by the City Council. The CCPD provides services entirely, or almost entirely to the primary government. The CCPD is reported a major special revenue fund and does not issue separate financial statements.

Basis of Presentation

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements.

Government-wide Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. As a general rule, the effect of inter-fund activity, with the exception of interfund services provided or used, within the governmental or business-type activities columns, has been eliminated from these statements. Elimination of the interfund services provided or used would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid in financial management and to demonstrate compliance with various legal provisions. The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Governmental funds are those funds through which most government functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. GASB Statement No. 34 set forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. In addition to funds that meet the major funds criteria, the City may designate other funds as major. The City has presented the following major governmental funds:

General Fund –

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenue and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund –

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt primarily from property taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Facilities Improvement Fund –

The Facilities Improvements Fund is used to account for the construction of new municipal buildings and renovations to existing facilities. Generally, proceeds from the sale of bonds provide financing.

Crime Control and Prevention District Fund –

The Crime Control and Prevention District Fund is used to account for the funds received from a one-half percent sales tax, which can be utilized for public safety.

Street Construction Fund -

The Street Construction Fund is used to account for street construction, street reconstruction and street overlay projects and the means of financing such improvements.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets, deferred outflows of resources, deferred inflows of resources, and liabilities are included on the statement of net position. The City has presented the following proprietary fund:

Water and Wastewater Fund –

The Water and Wastewater Fund (a major fund) is used to account for the provision of water and sewer services to the residents and commercial customers of the City. Activities of this fund include administration, operations and maintenance of the water and wastewater system and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term outstanding debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the personal and contractual services, cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The resources of these funds are not reflected in the government-wide financial statements because they are not available to support the City's own programs. The City reports two fiduciary funds, including the Trophy Club Courts Collection and Seized Asset Funds. The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured, such as current financial resources or economic resources; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of transactions of the measurement made, regardless of the measurement focus applied.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources method measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included in the accompanying Statement of Net Position and the operating statement presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, including water and wastewater services, which are accrued. Expenses are recognized at the time a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual; *i.e.*, when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Generally, the City considers property taxes and other revenues as available if they are collected within 60 days of the fiscal year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, and other long-term liabilities, including lease liabilities, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

The revenues susceptible to accrual are property taxes, gross receipts tax, licenses, charges for services, fines and fees, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government, as they are deemed immaterial.

The proprietary fund types are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Amounts reported as program revenues include: (1) charges to customers for goods and services, (2) operating grants and contributions and (3) capital grants and contributions. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

Budgetary Information

Budgetary Basis of Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund and CCPD Fund. Capital project funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The City Charter establishes the fiscal year as the 12-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager submits a budget of estimated expenditures and revenues to the City Council by August 1.

Upon receipt of the budget estimates, the City Council holds a public hearing on the proposed budget. The annual budget is published on the City's website and the budget ordinances are published on Municode, which can be accessed from the City's website.

Prior to October 1, the budget is legally enacted through the passage of an ordinance. The appropriated budget is prepared by fund and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control (*i.e.*, the level at which expenditures may not legally exceed appropriations) is at the fund level. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (*i.e.*, purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund and Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Crime Control & Prevention District Fund (CCPD), which can be found in the Required Supplementary Information, presents a comparison of budgetary data to actual results. The General Fund and CCPD Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Substantially all operating deposits are maintained in pooled deposits accounts. Interest income relating to pooled deposits is allocated to the participating individual funds based on each fund's pro rata share of total pooled deposits and investments. For the purpose of the Statement of Cash Flows, the City considers all highly liquid investments to be cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the state of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds, and certificates of deposit within established criterion. The City currently invests in non-negotiable certificates of deposit and investment pools.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital, Lease, and Subscription Assets

Capital assets, which include property, plant, vehicle, equipment, leased equipment and infrastructure, and subscription assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical costs or estimated historical cost if actual historical costs are not available. Donated assets are valued at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are recorded as expenses. Major outlays for improvements are capitalized. Outlays for capital items are capitalized as projects are constructed. Infrastructure assets begin depreciating at the end of the year in which costs are incurred. Other constructed capital assets begin depreciating when the asset is placed in service.

Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 ($15,000 for leases) and an estimated useful life in excess of one year. Depreciation and amortization has been calculated on each class of depreciable/amortizable property using the straight-line method over the following estimated useful lives or the lease/subscription term, whichever is shorter:

Assets	
Buildings/structures	10 to 20 Years
Land improvements	10 to 20 Years
Street infrastructure	10 to 20 Years
Water and wastewater system	10 to 50 Years
Vehicles, machinery, and equipment	5 to 20 Years
Parks improvements	20 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of net pension liability or total OPEB liability) until then. The City has the following items that qualify for reporting in this category:

- Deferred charge on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and will be recognized in the subsequent fiscal year end.
- Difference in assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.

- OPEB contributions after measurement date – These contributions are deferred and will be recognized in the subsequent fiscal year end.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue/increase of net pension liability or total OPEB liability) until that time. The City has the following items that qualify for reporting in this category:

- Difference in projected and actual earnings on pension plan investments - This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Public-Private Partnership – This is reported under both the full accrual and modified accrual basis of accounting. This is measured at the value of the partnership receivable plus any payments received at or before the commencement of the partnership term that relate to future periods. The City will recognize an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the partnership.
- Leases – This is reported under both the full accrual and modified accrual basis of accounting. This is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The City will recognize an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the lease.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, ambulance revenues, and court revenues. In the General Fund, deferred inflows of resources consists of property taxes of $69,051, ambulance revenues of $352,645, court revenues of $187,461. In the Debt Service Fund, unavailable revenues consist of property taxes in the amount of $57,912. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned Revenues

The City also records unearned revenue, revenue received but not yet earned, in its governmental funds.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts and are reported as “due to /from other funds.”

Transactions Between Primary Government & Discretely Presented Component Units

Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

The City allocates to the proprietary funds and the discretely presented component units a predetermined allocated amount for administrative services for budget purposes. During the fiscal year ended September 30, 2025, the City's General Fund was reimbursed $2,128,257 for these services.

The REIDC provides amounts to the City for parks and recreation projects, debt service, rebates and incentives, and water and sewer improvements. During fiscal year 2025, $4,898,645 was provided by the REIDC to the City.

Restricted Assets

Certain cash and cash equivalent balances are restricted by various legal and contractual obligations. The City recorded the following restricted assets at the end of the fiscal year:

Governmental Activities		
Debt service	$	172,808
Capital projects		14,373,517
Municipal court building security		128,545
Municipal court technology		167,541
Tourism, convention centers, arts		144,122
Public safety		30,364
Parkland dedication		213,537
Total Governmental Activities Restricted Assets	$	15,230,434
Business-type Activities		
Customer deposits	$	503,231
Total Business-type Activities Restricted Assets	$	503,231

Compensated Absences

The City allows employees to accumulate up to 30 days of vacation time. Carryover of earned vacation time is limited to 240 hours. Upon termination, the City pays all accumulated vacation time not yet taken. Employees may sell back up to five vacation days to the City during June and December each year. If vacation time is sold back, each day bought back is deducted from the employee's accrued vacation balance. Vacation is earned in varying amounts up to a maximum of 20 days per year for employees with 10 years or more of service.

All regular full-time employees earn and accrue sick leave based on the service an employee has attained during each calendar year. Any accrued but unused sick leave shall be carried to the employee's credit for the following year up to 90 days (720 hours). Employees can have up to 5 days of sick leave "bought back" from the City each year. Each day that is sold back to the City is subtracted from the employee's accrued sick time balance. Accrued sick leave is not paid to any City employee upon separation from employment with the City; however, if an employee retires from the City, that employee will be compensated for any accrued sick leave, not to exceed 720 hours.

The measurement of the liability for compensated absences was determined by applying the last-in-first-out (LIFO) method for vacation and sick time accumulated and includes additional salary related payments for Social Security and Medicare, in accordance with GASB Statement No. 101, *Compensated Absences*. Amounts are accrued as liabilities as the employees earn the benefits to the extent that they meet all of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; 2) the leave accumulates; and 3) it is more likely than not that the City will compensate the employee for benefits through leave time or other means, such as cash payments. No liability is recorded in the fund statements of governmental funds unless they have matured, as payment of this liability will not be made with expendable available financial resources unless an employee has separated employment with the City as of the end of a fiscal year. In the government-wide financial statements and proprietary fund statements, the estimated payout for accrued balances within the next fiscal year is recorded as a current liability as the last in first out method is utilized for accruing the total liability.

Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan

The City has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Lease Receivable

The City is a lessor for noncancellable leases of tower spaces and land. The City recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Public-Private Partnership Receivable

The City is the transferor for a partnership agreement relating to the use of land and related water park assets. The City recognizes a PPP receivable and a deferred inflow of resources. At the commencement of a partnership, the City initially measures the PPP receivable at the present value of future PPP payments to be received for the PPP term. Subsequently, the PPP receivable is reduced by the principal portion of PPP payments received. The deferred inflow of resources is initially measured as the initial amount of the PPP, adjusted for PPP payments received at or before the partnership commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the partnership term.

The City monitors changes in circumstances that would requirement a remeasurement of its partnerships, and will remeasure the PPP receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount the PPP receivable.

Lease Liability

The City is a lessee for a noncancellable lease of a building and recognizes a related lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription Liability

The City contracts for noncancellable subscriptions of information technology software. The City recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of $5,000 or more. At the commencement of a subscription, the City measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Fund Balance Policies and Classifications

In the fund financial statements, governmental funds report fund balance into classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purpose for which amount in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned and Unassigned.

Nonspendable. This classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) are legally or contractually required to remain intact. The City has classified prepaid items, and due from other funds as being nonspendable.

Restricted. This classification includes amounts for which constraints have been placed on of the resources either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

The City has recorded the following restrictions at year-end:

- Restricted for debt service represents the portion of fund equity legally restricted for retirement of bond principal and payment of interest and related charges.
- Restricted for capital projects represents the portion of fund equity that is unspent bond proceeds legally restricted for capital projects.
- Restricted for municipal court building security represents the portion of fund equity derived from municipal court security fees, legally restricted for the purpose of providing security services for buildings housing the municipal court of record.
- Restricted for municipal court building technology represents the portion of fund equity derived from municipal court technology fees, legally restricted to finance the purchase of or to maintain technological enhancements for the municipal court of record.
- Restricted for tourism, convention centers, and arts represents funds derived from hotel occupancy taxes to promote the City through tourism and historical preservation.
- Restricted for public safety are funds from police and fire grants, citizen donations and sale of assets seized in connection with arrests in the police department, which are to be used solely for public safety related expenditures.
- Restricted for parkland dedication represents funds derived from fees in lieu of a donation of land for park purposes from developers.

Committed. This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) by the highest level of decision-making authority, namely the City Council, prior to the end of the reporting period. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of formal action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned. This classification includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager. The City has recorded no assignments at year-end.

Unassigned. This classification represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The table below details the fund balance categories and classifications for Governmental Funds.

	Reported in					
	General	Debt Service	Facilities Improvement	Crime Control & Prevention District	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ 326,678	$ -	$ -	$ -	$ -	$ 326,678
Restricted for						
Debt service	-	172,808	-	-	243,764	416,572
Capital projects	-	-	4,115,159	-	-	4,115,159
Municipal court building security	128,545	-	-	-	-	128,545
Municipal court technology	167,541	-	-	-	-	167,541
Tourism, convention centers, arts	-	-	-	-	193,102	193,102
Public safety	-	-	-	4,280,499	1,444,381	5,724,880
Parkland dedication	-	-	-	-	213,537	213,537
Committed	4,804		-	-	2,665,037	2,669,841
Unassigned	17,549,915	-	-	-	-	17,549,915
Total	$ 18,177,483	$ 172,808	$ 4,115,159	$ 4,280,499	$ 4,759,821	$ 31,505,770

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed resources would be considered spent first (if available), followed by assigned resources (if available), and then unassigned resources, as appropriate opportunities arise. However, the City reserves the right to selectively spend unassigned resources to defer the use of these other classified funds.

It is the desire of the City to maintain adequate fund balance to maintain liquidity in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum unassigned fund balance of 60 days (16%) of expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, lease, and subscription, into one component of net position. Accumulated depreciation and amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category represents net position that have external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – The category represents net position of the City, not restricted for any project.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts reported as restricted – net position and unrestricted net-position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City's management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

Adoption of New Accounting Standards

The City has implemented the following statement during fiscal year ended September 30, 2025:

The City adopted GASB Statement No. 101, *Compensated Absences* (GASB 101) for the year ended September 30, 2025. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. The adoption of GASB 101 had no impact on the City's financial statements.

The City adopted GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102) for the year ended September 30, 2025. The new accounting guidance requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The adoption of GASB 102 had no impact on the City's financial statements.

Future Adoption of Accounting Principles

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2025. The City is currently evaluating the potential impact on the City's net position.

Statement No.	Title	Adoption Required
103	*Financial Reporting Model Improvements*	September 30, 2026
104	*Disclosure of Certain Capital Assets*	September 30, 2026
105	*Subsequent Events*	September 30, 2027

Note 2. Detailed Notes on All Funds

Deposits and Investments

Deposits. At September 30, 2025, the carrying amount of the City's cash and cash equivalents, excluding pooled investments, held with financial institutions, including, fiduciary activities and component units, was $23,728,155.

Investments. The City's investment policy allows for investments in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the state of Texas or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "AA" or its equivalent; (5) certificates of deposits issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date.

For fiscal year 2025 , the City invested in non-negotiable certificates of deposits measured at amortized cost and TexasCLASS, TexStar, and Logic investment pools measured at net asset value. The City records all interest revenue related to investment activities in the respective funds. As of September 30, 2025, the carrying amount of the City's certificates of deposits reported as investments totaled $18,253,507 and the amount invested in various pooled investments at net asset value totaled $28,210,774.

TexasCLASS is supervised by a Board of Trustees (the Board) who are elected by the Participants and shall be an odd number of three or more. Additionally, TexasCLASS has a five-member Advisory Board. Fair value of the City's position in the pools is, in all material respects, the same as the value of the pool shares. Investment income earned on pooled cash and investments is allocated to each fund based upon each fund's weighted-average daily cash and investment balances.

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the City's deposits may not be returned. Both the City's investment policy and the *Texas Public Funds Investment Act* requires that all deposits of the City that exceed the Federal Depository Insurance Corporation (FDIC) coverage levels are collateralized with securities held by a third-party custodian in the City's name. As of September 30, 2025, the carrying amount of the City's bank deposits and investments, including component units, was $23,728,155, and the respective bank balances totaled $21,341,288. The value of the City's deposits and investments not insured through the FDIC has been fully collateralized and meets the requirements of the City's policy and state statutes.

Concentration of Credit Risk. In compliance with the City's investment policy, as of September 30, 2025, the City minimized credit risk by limiting investments to the safest types of securities and diversifying the portfolio so that potential losses on individual securities were minimized. The investment pools (which represent approximately 54.3% of the City's portfolio) are rated Aam by Standard and Poor's.

Interest Rate Risk. As a means of minimizing risk of loss due to interest rate fluctuations, the City's investment policy requires that the portfolio remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Liquidity and marketability will be ensured by investing in securities with active secondary markets.

Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Denton and Tarrant County Appraisal Districts at 100% of its estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2025, were 99.33% of the adjusted tax levy. Allocations of property tax levy by purpose for 2025 and the preceding year are as follows (amounts per $100 assessed value):

Property Tax Rates:

Fund Type	2025	2024
General Fund	$ 0.17819	$ 0.16967
Debt Service Fund	0.12985	0.13837
Total	$ 0.30804	$ 0.30804

Property taxes are recorded as receivables and unavailable revenues (deferred inflows of resources) at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within 60 days following the close of the fiscal year have not been recognized as revenue since amounts are not material to the financial statements.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. If a city with a population of less than 30,000 adopts a tax rate that exceeds the greater of the city's voter-approval tax rate or the de minimis tax rate, the city council must order an election to approve the adopted tax rate for the November uniform election date.

Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General	Debt Service	Crime Control & Prevention District	Nonmajor Governmental	Water and Wastewater
Taxes	$ 2,235,173	$ 57,912	$ 1,042,637	$ 48,980	$ -
Intergovernmental	11,805	-	-	-	-
Accounts	2,680,326	-	-	460,286	1,790,530
PPP receivable	4,998,360	-	-	-	-
Lease	-	-	-	-	575,850
Less allowance for uncollectibles	(2,046,529)	-	-	-	(240,720)
Net receivables	$ 7,879,135	$ 57,912	$ 1,042,637	$ 509,266	$ 2,125,660

Lease Receivable

The City's proprietary fund leases tower space and land to third parties, the terms of which expire between 2027 and 2032. The City recognized approximately $96,450 in lease revenue and interest revenue during the current fiscal year related to the leases. As of September 30, 2025, the City's proprietary fund receivable for lease and related interest payments was $575,850 and the balance of the deferred inflow of resources was $500,869.

PPP Receivable

The City has entered into one public-private partnership arrangement. A third party will operate, maintain, and retain related fees for the Hawaiian Falls waterpark for 28 years. The City will receive installment payments under the agreement until 2048.

In fiscal year 2011, the City entered into an agreement with Roanoke Faily Entertainment, LLC, (RFE) commonly referred to as Hawaiian Falls, under which the RFE will operate, maintain, and retain fees from a water park for 40 years with two 5-year renewal options succeeding the term of 40 years. In fiscal year 2016, the agreement was assigned to and assumed by Store Master Funding VIII, LLC. Management's objective for entering into the agreement was provide its citizens a water park of first class quality in all respects, as compared to similar sized operations in Texas. The City received from RFE an upfront payment of $3.2 million. The City used the proceeds from the up-front payment to finance the initial construction of the waterpark in 2011. The City continues to report the water park as a capital asset with a carrying amount of $3,375,450.

As of September 30, 2025, the value of the PPP receivable is $4,998,360. The operator is required to make annual fixed payments of $125,000 until 2027 and then increasing to $225,000. The value of the deferred inflow of resources as of September 30, 2025, was $6,721,363, which includes $2,240,000 received previously from RFE, and the City recognized PPP revenue of $275,373 during the fiscal year.

Capital, Lease, and Subscription Assets

Capital, lease, and subscription asset activity for the year ended September 30, 2025, was as follows:

	Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	$ 5,989,193	$ -	$ -	$ -	$ 5,989,193
Construction in progress	25,080,935	28,003,711	-	(2,593,240)	50,491,406
Total capital assets not being depreciated	31,070,128	28,003,711	-	(2,593,240)	56,480,599
Capital, lease & subscription assets being depreciated/amortized					
Buildings/structures	42,452,844	15,918	(15,918)	-	42,452,844
Improvements other than buildings	17,580,703	-	-	-	17,580,703
Vehicles	7,120,361	3,011,290	(712,549)	450,370	9,869,472
Machinery and equipment	7,281,833	559,458	(77,816)	-	7,763,475
Leased equipment assets	108,672	405,717	-	2,142,870	2,657,259
Subscription asset	319,669	361,959	(108,672)	-	572,956
Infrastructure	66,482,933	206,767	-	-	66,689,700
Total capital, lease & subscription assets being depreciated/amortized	141,347,015	4,561,109	(914,955)	2,593,240	147,586,409
Less accumulated depreciation/amortization					
Buildings/structures	(24,369,557)	(1,955,416)	796	-	(26,324,177)
Improvements other than buildings	(12,214,337)	(880,966)	-	-	(13,095,303)
Vehicles	(4,689,940)	(834,970)	712,549	-	(4,812,361)
Machinery and equipment	(3,104,388)	(947,264)	72,588	-	(3,979,064)
Leased equipment assets	(85,047)	(77,919)	108,672	-	(54,294)
Subscription asset	(112,833)	(102,379)	-	-	(215,212)
Infrastructure	(35,269,173)	(3,309,793)	-	-	(38,578,966)
Total accumulated depreciation/amortization	(79,845,275)	(8,108,707)	894,605	-	(87,059,377)
Total capital, lease & subscription assets being depreciated/amortized, net	61,501,740	(3,547,598)	(20,350)	2,593,240	60,527,032
Governmental activities capital, lease & subscription assets, net	$ 92,571,868	$ 24,456,113	$ (20,350)	$ -	$ 117,007,631

	Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Business-type activities					
Capital assets not being depreciated					
Construction in progress	$ 154,307	$ 102,563	-	$ -	$ 256,870
Total capital assets not being depreciated	154,307	102,563	-	-	256,870
Capital assets being depreciated					
Infrastructure	31,323,292	63,749	-	-	31,387,041
Buildings	121,728	-	-	-	121,728
Improvements other than buildings	263,506	-	-	-	263,506
Vehicles	18,237	-	-	-	18,237
Machinery and equipment	1,405,825	6,684	-	-	1,412,509
Total capital assets being depreciated	33,132,588	70,433	-	-	33,203,021
Less accumulated depreciation/amortization					
Infrastructure	(19,426,014)	(698,070)	-	-	(20,124,084)
Buildings	(18,259)	(12,173)	-	-	(30,432)
Improvements other than buildings	(24,684)	(29,031)	-	-	(53,715)
Vehicles	(18,237)	-	-	-	(18,237)
Machinery and equipment	(646,736)	(202,116)	-	-	(848,852)
Total accumulated depreciation/amortization	(20,133,930)	(941,390)	-	-	(21,075,320)
Total capital assets being depreciated, net	12,998,658	(870,957)	-	-	12,127,701
Business-type activities capital assets, net	$ 13,152,965	$ (768,394)	$ -	$ -	$ 12,384,571

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 2,886,201
Public safety	1,341,319
Culture and recreation	1,388,842
Public works	2,492,345
Total depreciation and amortization expense – governmental activities	$ 8,108,707
Business-type activities	
Water and Wastewater	$ 941,390
Total depreciation expense – business-type activities	$ 941,390

Construction Commitments

Outstanding commitments at September 30, 2025, under authorized construction contracts were approximately $8,628,632. The outstanding commitments for the projects were funded primarily from bond proceeds.

Project Name	Funding Source	Contract Amount	Expensed	Retainage	Remaining
Police Department / Court Facility	Crime Control Prevention District	$ 3,662,700	$ 3,547,310	$ -	$ 115,390
Police Department / Court Facility	Crime Control Prevention District	45,455,172	42,019,906	2,211,574	1,223,692
Police Department / Court Facility	Crime Control Prevention District	496,000	399,460	-	96,540
Cannon Park Improvements	REIDC	323,450	167,038	-	156,412
Dorman Street Improvements	General City	1,360,099	1,243,694	65,458	50,947
Hotel/Conference Center	REIDC	8,222,804	2,359,153	-	5,863,651
Hotel/Conference Center	REIDC	1,320,000	198,000	-	1,122,000
Total					$ 8,628,632

Transfers

All interfund transfers between the various funds are approved supplements to the operations of those funds.

Transfers between funds for the year ended September 30, 2025, were as follows:

	Transfers in				
	Major Governmental				
Transfers Out	General	Facilities Improvement	Debt Service	Nonmajor Governmental Funds	Total Transfers Out
General	$ -	$ 2,500,348	$ 4,106,213	$ 709,149	$ 7,315,710
Crime Control & Prevention District	2,090,000	-	3,699,831	121,525	5,911,356
Nonmajor governmental funds	95,000	-	41,407	-	136,407
Water and wastewater	2,128,257	-	-	5,724	2,133,981
Total transfers in	$ 4,313,257	$ 2,500,348	$ 7,847,451	$ 836,398	$ 15,497,454

All transfers were routine budgeted transfers done in the course of normal City operations except for a $2,400,348 transfer from the General fund to the Facilities Improvement fund for the forgiveness of an outstanding interfund payable. Transfers are used to (1) transfer funds to the Vehicle and Computer Replacement funds from the General Fund, CCPD and Water and Wastewater fund for computer, vehicle, and equipment replacements, (2) transfer funds to the General Fund from the Water and Wastewater fund, CCPD, and Hotel Occupancy fund to cover advertising and marketing costs and other administrative services, (3) transfer funds to the Debt Service fund to cover debt related to a various ongoing capital projects (4) transfer funds to the Street Construction fund from the General fund for future street improvements, (5) transfer funds to the Facilities Improvement fund for future building maintenance.

Leases Liability

The City's general fund has lease agreements for equipment, the terms of which expire 2025 through 2030. During the fiscal year ended September 30, 2025, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

Governmental Activities Year Ending September 30,	Principal	Interest	Total
2026	$ 68,301	$ 12,675	$ 80,976
2027	71,439	9,537	80,976
2028	74,721	6,255	80,976
2029	78,154	2,822	80,976
2030	20,094	151	20,245
	$ 312,709	$ 31,440	$ 344,149

Subscription Liability

The City has subscription IT arrangements to conduct its operations, the terms of which expire 2025 through 2028. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

As of September 30, 2025, the value of the subscription liabilities was $310,418.

The future principal and interest payments for subscription liabilities as of September 30, 2025, are as follows:

Governmental Activities Year Ending September 30,	Principal Payments	Interest Payments	Total Payments
2026	$ 199,460	$ 3,586	$ 203,046
2027	53,636	8,579	62,215
2028	57,322	2,216	59,538
	$ 310,418	$ 14,381	$ 324,799

Long-term Obligations

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2025 , is as follows:

	Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Adjustments	Balance End of Year	Due within One Year
Governmental Activities						
General obligation bonds	$ 7,362,008	$ -	$ (3,132,008)	$ -	$ 4,230,000	$ 1,880,000
Certificates of obligation	55,985,000	24,130,000	(6,165,000)	-	73,950,000	2,760,000
Tax notes	265,000	-	(265,000)	-	-	-
Lease	25,147	361,959	(74,397)	-	312,709	68,301
SBITAs	201,432	184,280	(75,294)	-	310,418	199,460
Premium on bonds	2,659,640	1,495,849	(537,303)	(272,734)	3,345,452	-
Discount on bonds	-	(331,531)	-	-	(331,531)	-
Arbitrage liabilities	-	330,687	-	-	330,687	330,687
Compensated absences*	1,417,368	700,176	-	-	2,117,544	529,386
Total governmental activities	67,915,595	26,871,420	(10,249,002)	(272,734)	84,265,279	5,767,834

*The change in accrued compensated absences is presented as a net amount, in accordance with GASB 101.

Business-type Activities						
General obligation refunding bonds	882,992	-	(772,992)	-	110,000	50,000
Certificates of obligation	675,000	4,365,000	(190,000)	-	4,850,000	180,000
Premium on bonds	79,940	133,950	(33,780)	(30,303)	149,807	-
Notes payable	353,734	-	(52,357)	-	301,377	53,977
Arbitrage liabilities	-	27,645	-	-	27,645	27,645
Compensated absences*	106,891	-	(42,174)	-	64,717	16,179
Total business-type activities	2,098,557	4,526,595	(1,091,303)	(30,303)	5,503,546	327,801
Total primary government	$ 70,014,152	$ 31,398,015	$ (11,340,305)	$ (303,037)	$ 89,768,825	$ 6,095,635

*The change in accrued compensated absences is presented as a net amount, in accordance with GASB 101.

For the governmental activities, compensated absences are liquidated by the General Fund. Also, for governmental activities, the net pension liability and OPEB liability are generally liquidated from the General Fund. For the business-type activities, the Water and Wastewater fund liquidates the compensated absences.

General Obligation Bonds and Certificates of Obligation

The general obligation refunding bonds and certificates of obligation have interest rates ranging from 2.0% to 5.0% maturing annually in varying amounts through 2048. Interest for these bonds is payable semi-annually. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. They are payable from property taxes and water/wastewater revenues.

In 2025, the City issued $19,280,000 of Combination Tax and Revenue Certificates of Obligation, Series 2024A, with a premium of $1,088,024 and discount of $204,099, and $9,215,000 of Combination Tax and Revenue Certificates of Obligation, Series 2024B, with a premium of $541,775 and discount of $127,432. The interest rate on the Certificates of Obligations is 4-5% and the maturity dates are August 15, 2049 and 2044, respectively. The proceeds from the 2024A Certificates will be used for the purpose 1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements and signage related thereto, 2) constructing a new police and courts facility and related parking for such facility; and 3) paying for professional services rendered in connection therewith, including costs of issuance of the Certificates. Proceeds from the 2024B Certificates will be used for the purpose of 1) water system improvements consisting of a storage

tank and related water system infrastructure and; 2) paying for professional services rendered in connection therewith, including costs of issuance of the Certificates.

General Obligation Bonds:

	Governmental Activities		Business-type Activities		
Fiscal Year	Principal	Interest	Principal	Interest	Total
2026	$ 1,880,000	$ 161,000	$ 50,000	$ 4,200	$ 2,095,200
2027	2,070,000	88,450	60,000	2,200	2,220,650
2028	280,000	8,400	-	-	288,400
	$ 4,230,000	$ 257,850	$ 110,000	$ 6,400	$ 4,604,250

Certificates of Obligation:

	Governmental Activities		Business-type Activities		
Fiscal Year	Principal	Interest	Principal	Interest	Total
2026	$ 2,760,000	$ 2,370,456	$ 180,000	$ 50,294	$ 5,360,750
2027	2,885,000	2,273,815	180,000	47,602	5,386,417
2028	3,010,000	2,172,700	205,000	44,860	5,432,560
2029	3,150,000	2,067,256	225,000	41,819	5,484,075
2030	3,285,000	1,956,914	225,000	38,503	5,505,417
2031-2035	16,395,000	8,120,687	1,280,000	142,891	25,938,578
2036-2040	17,035,000	5,388,667	1,375,000	57,966	23,856,633
2041-2045	15,175,000	2,812,971	1,180,000	14,935	19,182,906
2046-2049	10,255,000	571,500	-	-	10,826,500
	$ 73,950,000	$ 27,734,966	$ 4,850,000	$ 438,870	$ 106,973,836

Note Payable:

In March 2022, the City issued a note payable of $481,013 to acquire a sewer vac truck in the Water and Wastewater Fund. The note payable has an interest rate of 3.071% and matures in 2027. Debt service requirements of the note payable for the years subsequent to September 30, 2025 , are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 53,977	$ 8,447	$ 62,424
2027	247,400	3,600	251,000
	$ 301,377	$ 12,047	$ 313,424

Note 3. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to $1,000,000 per insured event. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in the past three years.

Note 4. Deferred Compensation Plan

The City offers its employees a defined contribution, deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is administered by Nationwide Retirement Solutions. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the City.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not contribute to the plan.

Note 5. Employee Retirement System

Plan Description

The City participates as one of over 900 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at tmrs.com.

All eligible employees of the City are required to participate in TMRS. The City does not participate in the supplemental death benefit plan.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms:

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	71
Active employees	162
	304

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.63% and 18.62% in calendar years 2024 and 2025 , respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $3,104,960 and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year , adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees for Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males a 3-year set-forward for females. In addition a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
	100.00%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension (a)	**Plan Fiduciary Net (b)**	**Net Pension Liability (a) - (b)**
Balance at October 1, 2024	$ 64,102,191	$ 52,954,155	$ 11,148,036
Changes for the year:			
Service cost	3,265,978	-	3,265,978
Interest (on the total pension liability)	4,352,169	-	4,352,169
Difference between expected and actual experience	860,967	-	860,967
Change in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(2,517,214)	(2,517,214)	-
Administrative expense	-	(35,288)	35,288
Contributions - member	-	1,126,199	(1,126,199)
Contributions - employer	-	2,836,414	(2,836,414)
Net investment income	-	5,524,310	(5,524,310)
Other	-	(825)	825
Net Changes	5,961,900	6,933,596	(971,696)
Balance at September 30, 2025	$ 70,064,091	$ 59,887,751	$ 10,176,340

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

The following presents the net pension liability/(asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease in Discount Rate (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase in Discount Rate (7.75%)
$ 21,424,889	$ 10,176,340	$ 1,058,664

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of $3,541,295.

At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 2,143,750	$ 14,650
Difference between projected and actual investment earnings on pension plan investments	-	708,827
Changes of assumptions	10,996	-
Employer contributions subsequent to the measurement date	2,359,703	-
Total	$ 4,514,449	$ 723,477

$2,359,703 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

September 30	Amortization of Future Deferred (Inflows) Outflows of Resources
2026	$ 663,134
2027	1,124,989
2028	(286,985)
2029	(93,316)
2030	23,447
	$ 1,431,269

Allocation of Pension Items

The City allocates pension items between governmental activities and business-type activities on the basis of employee payroll funding.

Note 6. Postemployment Benefits Other Than Pensions

Plan Description

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City's insurance carrier until the age 65 through a single employer defined benefit plan. The City contributes an amount, which is established each fiscal year depending on plan costs and budget availability, towards the total monthly cost of retiree medical/prescription plans. City contribution amounts are tiered to increase with the level of coverage (Employee Only, Employee and Spouse, Employee and Children, or Employee and Family) and subject to change. This effect on cost is considered to be an implicit rate subsidy. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

To qualify for retiree health plan benefits, the employee must meet all four qualifications:

1. Must have coverage for medical benefits under the city health plan as an employee immediately prior to termination of employment.
2. Must Apply for TMRS benefits in accordance with their requirements and deadlines, but in no event later than thirty days from termination of employment.
3. Must enroll for retiree health coverage within thirty-one (31) days of the date of termination.
4. Must not be eligible for Medicare or another insurance through another employer. If the employee is eligible for Medicare at age 65 or another insurance through a new employer, they are required to take it.

If dependents are not covered under the City's health benefit plan or an employee opts out of the health benefit plan offered by the City, they are not eligible for coverage under this subsection.

Benefits Provided

Retiree medical coverage levels for retirees are the same plans and benefits for all active employees in accordance with the terms and conditions of the City's current health plan. Premiums for the retiree health plans are the same as active employee's health plans. The plans themselves are the same as well with regard to benefits and structure with no differentiation.

Employees covered by benefit terms:

At December 31, 2024 , the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	-
Active employees	142
	154

Total OPEB Liability

The City's total OPEB liability of $1,419,573 ($1,320,203 governmental activities and $99,370 business-type activities) was measured as of December 31, 2024, and was determined by an actuarial valuation as December 31, 2024.

Actuarial Assumptions:

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry-Age Normal
Discount Rate	4.08% as of December 31, 2024 (3.77% as of December 31, 2023)
Inflation	2.50%
Salary Increase	3.60% to 11.85%, including inflation
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For health retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvements in the MP tables published through 2021 to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years; The City's explicit subsidies were assumed to increase in line with general inflation (2.50% per year).
Participation Rates	30% for retiree eligible for a $100 subsidy; 40% for retiree eligible for a $200 subsidy; 45% for retiree eligible for a $250 subsidy

Discount Rate:

For plans that do not have a formal trust that meets GASB's requirements, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The discount rate was based on the daily rate closest to but not later than the measurement date of the Bond Buyer "20-Bond GO Index".

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at October 1, 2024	$ 623,036
Changes for the year:	
Service cost	53,906
Interest (on the total OPEB liability)	22,801
Changes of benefit terms	339,688
Difference between expected and actual experience	436,672
Effect of assumptions changes (discount rate change)	33,872
Benefit payments, age adjusted premiums, net of retiree contributions	(90,402)
Balance at September 30, 2025	$ 1,419,573

Sensitivity of the total OPEB liability to changes in the discount rate and health care cost trend rates:

The total OPEB liability of the City has been calculated using a discount rate of 4.08%. The following presents the OPEB liability using a discount rate of 1% higher and 1% lower than the current discount rate.

1% Decrease (3.08%)	Current Discount Rate Assumption (4.08%)	1% Increase (5.08%)
$ 1,546,126	$ 1,419,573	$ 1,305,867

The total OPEB liability of the City has been calculated using the assumed health care cost trend rates of 7.50% decreasing to 4.25% after 15 years. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 1,283,158	$ 1,419,573	$ 1,577,192

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of $444,839.

At September 30, 2025, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 455,751	$ 171,213
Changes of assumptions	81,984	140,799
Contributions subsequent to the measurement date	64,740	-
Total	$ 602,475	$ 312,012

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2026.

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

September 30	Amortization of Future Deferred (Inflows) Outflows of Resources
2026	$ 28,444
2027	28,444
2028	28,841
2029	30,947
2030	24,986
Thereafter	84,061
	$ 225,723

Allocation of OPEB Items

The City allocates OPEB items between governmental activities and business-type activities on the basis of employee payroll funding.

Note 7. Water Purchase and Wastewater Treatment Contracts

The City has an agreement with the City of Fort Worth under which the City purchases water. The terms of the agreement provide that the City will purchase an amount of treated potable water each year, at rates determined on a periodic basis. The rate is adjusted based on a water rate study, which is conducted about every three years, on behalf of the wholesale water customers with the City of Fort Worth.

The City has an agreement with the Trinity River Authority (Authority) to provide wastewater treatment at the Authority's Denton Creek Regional Wastewater Treatment Facility. The Authority has issued bonds in connection with the financing and services of the Facility. The City's contractual minimum payment is required to cover a portion of the annual principal and interest payments incurred related to this debt. Rates are determined annually by the Trinity River Authority.

Note 8. Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position. The amount of ultimate loss, if any, could differ materially.

Note 9. Roanoke Economic Industrial Development Corporation

The REIDC is financed with a voter approved half-cent city sales tax, to aid, promote and further the economic development within the City.

Cash and Investments

Cash and investments for the REIDC as of September 30, 2025, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	$ 7,033,149
Investments	4,186,873
Total cash and investments	$ 11,220,022

Investments – Because the City provides investment services for the REIDC, the City adheres to its investment policy and all state statutes when investing available cash for the REIDC. The REIDC does not have any investments at this time.

Capital and Lease Assets

Capital and lease asset activity for the year ended September 30, 2025, is as follows:

	Balance Beginning of Year	Increase	Contributions to Primary Government	Balance End of Year
Component unit activities				
Capital and lease assets not being depreciated				
Land	$ 3,153,106	$ 379,701	$ -	$ 3,532,807
Construction in progress	-	167,038	(167,038)	-
Total capital assets not being depreciated	3,153,106	546,739	(167,038)	3,532,807
Capital and lease assets being depreciated/amortized				
Buildings and structures	-	15,918	(15,918)	-
Machinery and equipment	-	281,146	(281,146)	-
Lease asset	2,389,721	-	-	2,389,721
Total capital assets being depreciated/amortized	2,389,721	297,064	(297,064)	2,389,721
Less accumulated depreciation/amortization				
Lease asset	(74,678)	(24,893)	-	(99,571)
Total accumulated depreciation/amortization	(74,678)	(24,893)	-	(99,571)
Total capital and lease assets being depreciated/amortized	2,315,043	272,171	(297,064)	2,290,150
REIDC capital and lease assets, net	$ 5,468,149	$ 818,910	$ (464,102)	$ 5,822,957

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2025, is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Component unit activities					
Sales tax revenue refunding bonds	$ 4,755,000	$ -	$ (355,000)	$ 4,400,000	$ 365,000
Total REIDC	$ 4,755,000	$ -	$ (355,000)	$ 4,400,000	$ 365,000

Sales Tax Revenue Bonds

The City issued Series 2018 Sales Tax Revenue Refunding Bonds in the amount of $6,475,000, dated October 25, 2018, bearing interest rates of 3.00% to 4.35%. Proceeds from the sale of the Bonds will be used for the purpose of paying costs for (i) refund certain debt of the corporation (the “Refunded Bonds”) for the debt service (ii) for paying costs of issuance of the Bonds. Debt service requirements of the sales tax revenue bonds for the years subsequent to September 30, 2025, are as follows:

	Component Units		
Fiscal Year	Principal	Interest	Total
2026	$ 365,000	$ 185,015	$ 550,015
2027	375,000	170,963	545,963
2028	395,000	156,150	551,150
2029	410,000	140,153	550,153
2030	425,000	123,343	548,343
2031-2035	2,430,000	326,250	2,756,250
	$ 4,400,000	$ 1,101,874	$ 5,501,874

The following is a summary of pledged revenues of REIDC for the year ended September 30, 2025 :

Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will Not be Available for Other Purposes
.5% sales and use tax	$ 7,685,404	$ 603,436	7.9%	$ 5,501,874	Until 2035

Leases

The REIDC has an agreement for a parking garage, the terms of which expire in 2117. During the fiscal year ended September 30, 2025, the REIDC did not recognize any rental expense for variable payments not previously included in the measurement of the leased asset.

Note 10. Al & Lula Mae Slaughter Park Foundation

Through passage of resolution of the Board of Directors of the Slaughter Park Foundation, a discretely presented component unit, the Foundation was terminated during fiscal year 2025. Upon termination, the remaining assets of the Foundation were transferred to the City, which included cash amounts of $498,587. The City recognized the transferred assets at their carrying values in accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.

Note 11. Tax Abatements

The City enters into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. The City has the authority under both Article III, Section 52-a of the Texas Constitution and Chapter 380 to make public funds available for the purposes of promoting local economic development and stimulating business and commercial activity within the City. The City offers individual incentive packages to attract new business to the City. Abatements may be granted by City Council resolution to companies or developers agreeing to relocate to the City or to establish a new business in the City. As part of the agreements, the City agrees to refund a portion of Local Sales and Use Tax, Type A Sales and Use Tax, Type B Sales and Use Tax, and/or Property Taxes after confirmation of payment. The agreements entered into by the City include clawback provisions should the recipient of the tax abatement fail to fully meet its commitments, such as annual sales levels or appraised values of real and personal property located on the project site. As a part of these agreements, the City may also provide Developers financial assistance for Developer's expenditures made towards the Project.

In addition to tax abatements, the City occasionally makes additional commitments in its economic development incentive agreements. The following additional commitments have been made:

For the fiscal year ended September 30, 2025, the City has entered into a development agreement with a commercial vendor for the purpose of job creation and retention within the City. The City has agreed to provide program grant payments in the form of reimbursement of property tax reimbursement in an amount not to exceed an aggregated amount of $600,000. No reimbursements were made to the developer for the fiscal year ended September 30, 2025.

For the fiscal year ended September 30, 2025, the City has six open tax abatement agreements and abated the following amounts under these agreements:

Open Agreements - Type of Tax Abatement	Amount of Taxes Abated During the Fiscal Year
City of Roanoke:	
Property taxes	$ 3,580,692
Total	$ 3,580,692

Roanoke Economic Industrial Development Corporation (REIDC) Tax Abatements

Agreements entered into by REIDC are made in conjunction with the City's agreements and are therefore included in the open agreement listing above. As a part of these agreements, REIDC has commitments outstanding to provide developer assistance for the related projects. Outstanding commitments at September 30, 2025, under agreements above were approximately $1,147,949. No taxes were abated for the year ended September 30, 2025 by REIDC.

Note 12. Contingencies

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

Note 13. Subsequent Events

On October 14, 2025, the City issued $23,810,000 of Combination Tax & Revenue Certificates of Obligation Series 2025. The interest rates on the Combination Tax & Revenue Certificates of Obligation Series 2025 is 5% and the maturity date is August 15, 2050.

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Required Supplementary Information

City of Roanoke, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System

	Measurement Year			
	2015	2016	2017	2018
Total pension liability:				
Service cost	$ 1,830,398	$ 1,909,893	$ 1,921,635	$ 2,037,287
Interest (on the Total Pension Liability)	1,697,490	1,913,289	2,205,366	2,465,967
Difference between expected and actual experience	939,244	759,690	63,042	(389,860)
Change in assumptions	(90,278)	-	-	-
Benefit payments, including refunds of employee contributions	(360,918)	(281,957)	(241,398)	(532,846)
Net change in total pension liability	4,015,936	4,300,915	3,948,645	3,580,548
Total pension liability – beginning	23,515,122	27,531,058	31,831,973	35,780,618
Total pension liability – ending (a)	$ 27,531,058	$ 31,831,973	$ 35,780,618	$ 39,361,166
Plan fiduciary net position:				
Contributions – employer	$ 1,508,981	$ 1,610,585	$ 1,645,859	$ 1,796,148
Contributions – employee	654,047	682,453	682,122	721,346
Net investment income	27,222	1,370,636	3,278,442	(869,654)
Benefit payments, including refunds of employee contributions	(360,918)	(281,957)	(241,398)	(532,846)
Administrative expense	(16,575)	(15,459)	(16,965)	(16,769)
Other	(818)	(833)	(860)	(876)
City's net change in plan fiduciary net position	1,811,939	3,365,425	5,347,200	1,097,349
Plan fiduciary net position – beginning	18,441,875	20,253,814	23,619,239	28,966,439
Plan fiduciary net position – ending (b)	$ 20,253,814	$ 23,619,239	$ 28,966,439	$ 30,063,788
City's net pension liability – ending (a) – (b)	$ 7,277,244	$ 8,212,734	$ 6,814,179	$ 9,297,378
Plan fiduciary net position as a percentage of total pension liability	73.57%	74.20%	80.96%	76.38%
Covered payroll	$ 9,343,534	$ 9,749,326	$ 9,744,598	$ 10,304,943
City's net pension liability as a percentage of covered payroll	77.89%	84.24%	69.93%	90.22%

Other Information:
For the 2019 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2018.

For the 2024 valuation, actuarial studies were updated through December 31, 2022.

2019	2020	2021	2022	2023	2024
$ 2,129,894	$ 2,248,215	$ 2,358,596	$ 2,605,166	$ 2,852,339	$ 3,265,978
2,699,481	2,969,672	3,285,635	3,575,214	3,933,947	4,352,169
(132,232)	360,185	(47,758)	952,488	1,485,924	860,967
102,962	-	-	-	17,336	-
(867,614)	(845,262)	(1,059,387)	(1,800,009)	(2,083,767)	(2,517,214)
3,932,491	4,732,810	4,537,086	5,332,859	6,205,779	5,961,900
39,361,166	43,293,657	48,026,467	52,563,553	57,896,412	64,102,191
$ 43,293,657	$ 48,026,467	$ 52,563,553	$ 57,896,412	$ 64,102,191	$ 70,064,091
$ 1,875,207	$ 1,953,108	$ 2,109,688	$ 2,269,614	$ 2,477,221	$ 2,836,414
752,233	788,452	845,808	924,755	1,009,933	1,126,199
4,661,309	2,773,250	5,374,758	(3,541,674)	5,371,388	5,524,310
(867,614)	(845,262)	(1,059,387)	(1,800,009)	(2,083,767)	(2,517,214)
(26,262)	(17,907)	(24,796)	(30,544)	(34,027)	(35,288)
(789)	(699)	169	36,449	(238)	(825)
6,394,084	4,650,942	7,246,240	(2,141,409)	6,740,510	6,933,596
30,063,788	36,457,872	41,108,814	48,355,054	46,213,645	52,954,155
$ 36,457,872	$ 41,108,814	$ 48,355,054	$ 46,213,645	$ 52,954,155	$ 59,887,751
$ 6,835,785	$ 6,917,653	$ 4,208,499	$ 11,682,767	$ 11,148,036	$ 10,176,340
84.21%	85.60%	91.99%	79.82%	82.61%	85.48%
$ 10,746,187	$ 11,263,600	$ 12,082,973	$ 13,210,783	$ 14,427,610	$ 16,088,560
63.61%	61.42%	34.83%	88.43%	77.27%	63.25%

City of Roanoke, Texas
Schedule of Contributions
Texas Municipal Retirement System

	Fiscal Year			
	2016	2017	2018	2019
Actuarially determined contribution	$ 1,517,046	$ 1,676,035	$ 1,734,233	$ 1,866,833
Contribution in relation of the actuarially determined contribution	1,517,046	1,676,035	1,734,233	1,866,833
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 9,241,138	$ 9,991,152	$ 10,118,002	$ 10,701,760
Contributions as a percentage of covered payroll	16.42%	16.78%	17.14%	17.44%

Notes to Required Supplementary Information - TMRS

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence)

Other Information:

Notes	There were no benefit changes during the most recent fiscal year.

2020	2021	2022	2023	2024	2025
$ 1,953,216	$ 2,028,351	$ 2,280,608	$ 2,443,889	$ 2,746,980	$ 3,104,960
1,953,216	2,028,351	2,280,608	2,443,889	2,746,980	3,104,960
$ -	$ -	$ -	$ -	$ -	$ -
$ 11,244,145	$ 11,639,016	$ 13,215,652	$ 14,231,373	$ 15,680,942	$ 16,900,158
17.37%	17.43%	17.26%	17.17%	17.52%	18.37%

City of Roanoke, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Retiree Healthcare Plan

	Measurement Year						
	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability:							
Service cost	$ 37,032	$ 35,248	$ 42,305	$ 48,927	$ 79,510	$ 44,436	$ 53,906
Interest (on the Total OPEB Liability)	23,099	26,097	22,207	18,646	16,363	23,492	22,801
Changes of benefit terms	-	-	-	-	-	-	339,688
Difference between expected and actual experience	-	16,965	24,464	8,407	(243,870)	55,734	436,672
Change in assumptions	(32,663)	49,872	63,111	(100,981)	(83,879)	(13,382)	33,872
Benefit payments, including refunds of employee contributions	(10,839)	(31,160)	(24,074)	(37,148)	(29,464)	(90,169)	(90,402)
Net change in total OPEB liability	16,629	97,022	128,013	(62,149)	(261,340)	20,111	796,537
Total OPEB liability – beginning	684,750	701,379	798,401	926,414	864,265	602,925	623,036
Total OPEB liability – ending	$ 701,379	$ 798,401	$ 926,414	$ 864,265	$ 602,925	$ 623,036	$ 1,419,573
Covered-employee payroll	$ 10,304,943	$ 10,148,984	$ 11,774,825	$ 12,620,598	$ 12,120,911	$ 13,754,110	$ 15,935,360
City's total OPEB liability as a percentage of covered-employee payroll	6.81%	7.87%	7.87%	6.85%	4.97%	4.53%	8.91%

Notes to Schedule:

Changes of Benefit Terms:

The health care trend assumption was modified. Change of benefit terms include updates to the City's retiree healthcare subsidy. Because the increase to the participation assumption was due to the change to the City's retiree healthcare subsidy, the impact of the participation assumption change is included in the changes of benefit terms.

Changes of Assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%
2023	3.77%
2024	4.08%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

City of Roanoke, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual - General Fund
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual	Adjustments -	Actual on a	Variance with
	Original	Final	Amounts	Budgetary Basis	Budgetary Basis	Final Budget
Revenues						
General property tax	$ 7,100,591	$ 7,100,591	$ 6,850,851	$ -	$ 6,850,851	$ (249,740)
General sales tax	12,746,884	12,746,884	15,373,141	-	15,373,141	2,626,257
Gross receipts tax	3,718,004	3,718,004	1,805,790	-	1,805,790	(1,912,214)
Licenses and permits	585,500	585,500	858,226	-	858,226	272,726
Intergovernmental	137,700	137,700	1,701,104	(1,561,097)	140,007	2,307
Charges for services	1,956,232	1,956,232	2,473,095	(2,608)	2,470,487	514,255
Grants and contributions	3,660,000	3,660,000	5,158,587	(1,000,000)	4,158,587	498,587
Fines and fees	603,000	603,000	546,445	-	546,445	(56,555)
Investment income	200,000	200,000	979,196	(20,300)	958,896	758,896
Donations	-	-	115,132	(92,414)	22,718	22,718
Other revenue	101,000	101,000	350,970	-	350,970	249,970
Total revenues	30,808,911	30,808,911	36,212,537	(2,676,419)	33,536,118	2,727,207
Expenditures						
Current						
General government	11,100,081	12,340,081	14,199,985	(1,287,785)	12,912,200	(572,119)
Public safety	15,672,206	14,662,206	15,248,718	-	15,248,718	(586,512)
Cultural and recreation	5,171,909	5,051,909	4,845,908	(3,000)	4,842,908	209,001
Public works	3,196,170	3,171,170	3,178,047	-	3,178,047	(6,877)
Debt service:		-				
Principal	46,075	46,075	149,691	-	149,691	(103,616)
Interest and fiscal charges	-	-	13,094	-	13,094	(13,094)
Capital outlay	1,104,535	1,056,535	1,246,271	(269,333)	976,938	79,597
Total expenditures	36,290,976	36,327,976	38,881,714	(1,560,118)	37,321,596	(993,620)
Excess of revenues over expenditures	(5,482,065)	(5,519,065)	(2,669,177)	(1,116,301)	(3,785,478)	1,733,587
Other Financing Sources (Uses)						
Leases issued	-	-	361,959	-	361,959	361,959
SBITAs issued	-	-	18,968	-	18,968	18,968
Transfers in	2,185,000	2,185,000	4,313,257	-	4,313,257	2,128,257
Transfers out	(4,915,362)	(4,915,362)	(7,315,710)	-	(7,315,710)	(2,400,348)
Total other financing sources (uses)	(2,730,362)	(2,730,362)	(2,621,526)	-	(2,621,526)	108,836
Net Change in Fund Balances	$ (8,212,427)	$ (8,249,427)	$ (5,290,703)	$ (1,116,301)	$ (6,407,004)	$ 1,842,423
Fund Balances, Beginning of Year			23,468,186			
Fund Balances, End of Year			$ 18,177,483			

City of Roanoke, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual - Crime Control & Prevention District Fund
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
General sales tax	$ 6,373,442	$ 6,373,442	$ 6,874,198	$ 500,756
Investment income	-	-	99,866	99,866
Other revenue	50,000	50,000	309,492	259,492
Total revenues	6,423,442	6,423,442	7,283,556	860,114
Expenditures				
Current:				
Public safety	520,279	520,279	643,453	(123,174)
Debt service:				
Principal	470,000	470,000	-	470,000
Interest and fiscal charges	738,229	738,229	5,957	732,272
Capital outlay	1,417,869	1,417,869	645,625	772,244
Total expenditures	3,146,377	3,146,377	1,295,035	1,851,342
Excess of revenues over expenditures	3,277,065	3,277,065	5,988,521	2,711,456
Other Financing Sources (Uses)				
SBITAs issued	-	-	165,312	165,312
Transfers out	(4,901,650)	(4,901,650)	(5,911,356)	(1,009,706)
Total other financing sources (uses), net	(4,901,650)	(4,901,650)	(5,746,044)	$ (844,394)
Net Change in Fund Balances	$ (1,624,585)	$ (1,624,585)	242,477	
Fund Balances, Beginning			4,038,022	
Fund Balances, Ending			$ 4,280,499	

Nonmajor Governmental Funds

Special Revenue Funds

Hotel/Motel Fund– to account for funds received from the hotel/motel tax. This fund promotes tourism and historical preservation.

Briarwyck Public Improvement District (PID) Fund – to account for the accumulation of resources from a special assessment levied upon properties within the district boundaries. The resources are utilized for the repayment of debt issued to fund the construction of the Marshall Creek Bridge.

Fire Grants Fund – to account for grants to assist in the purchase of fire department equipment and related expenses.

Police Grants Fund – to account for grant funds for police operations and projects.

Police Seizure Fund – to account for monies received due to the sale and/or seizure of assets from police investigations of criminal activities.

Capital Projects Funds

Vehicle Replacement Fund – to account for funds accumulated to purchase replacement equipment and vehicles.

Parks Construction Fund – to account for various park land acquisition, park improvements and recreation projects throughout the city.

Computer Replacement Fund – to account for funds to purchase replacement computers and peripherals.

City of Roanoke, Texas
Combining Balance Sheet
Governmental Funds - Nonmajor
September 30, 2025

	Special Revenue Funds			
	Hotel Motel	**Briarwyck PID**	**Fire Grants**	**Police Grants**
Assets				
Cash and cash equivalents	$ 144,122	$ 243,764	$ 1,332,942	$ 30,364
Investments	-	-	-	-
Gross receipts taxes	48,980	-	-	-
Other receivables	-	-	65,052	-
Prepaid items	-	-	-	-
Total assets	$ 193,102	$ 243,764	$ 1,397,994	$ 30,364
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Other accrued liabilities	-	-	149	-
Total liabilities	-	-	149	-
Deferred Inflows of Resources				
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Restricted:				
Debt service	-	243,764	-	-
Tourism, convention centers, arts	193,102	-	-	-
Public safety	-	-	1,397,845	30,364
Parkland dedication	-	-	-	-
Committed	-	-	-	-
Total fund balances	193,102	243,764	1,397,845	30,364
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 193,102	$ 243,764	$ 1,397,994	$ 30,364

Special Revenue Funds	Capital Projects			
Police Seizure	Vehicle Replacement	Parks Construction	Computer Replacement	Total Nonmajor Governmental Funds
$ 16,172	$ 780,159	$ 961,251	$ 253,450	$ 3,762,224
-	1,058,381	-	-	1,058,381
-	-	-	-	48,980
-	-	-	-	65,052
-	-	2,478	-	2,478
$ 16,172	$ 1,838,540	$ 963,729	$ 253,450	$ 4,937,115
$ -	$ -	$ 177,145	$ -	$ 177,145
-	-	-	-	149
-	-	177,145	-	177,294
-	-	-	-	-
-	-	-	-	243,764
-	-	-	-	193,102
16,172	-	-	-	1,444,381
-	-	213,537	-	213,537
-	1,838,540	573,047	253,450	2,665,037
16,172	1,838,540	786,584	253,450	4,759,821
$ 16,172	$ 1,838,540	$ 963,729	$ 253,450	$ 4,937,115

City of Roanoke, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor
For the Year Ended September 30, 2025

	Special Revenue Funds			
	Hotel Motel	**Briarwyck PID**	**Fire Grants**	**Police Grants**
Revenues				
Gross receipts tax	$ 124,812	$ -	$ -	$ -
Grants and contributions	-	-	1,122,010	6,188
Investment income	4,101	5,875	15,397	665
Donations	-	-	10,000	500
Other revenue	-	-	-	-
Total revenues	128,913	5,875	1,147,407	7,353
Expenditures				
General government	-	-	-	-
Public safety	-	-	373,051	1,179
Culture and recreation	-	-	-	-
Debt service:				
Capital outlay	-	-	31,126	-
Total expenditures	-	-	404,177	1,179
Excess (Deficiency) of Revenues Over (Under) Expenditures	128,913	5,875	743,230	6,174
Other Financing Sources (Uses)				
Sale of general capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(136,407)	-	-	-
Total other financing sources (uses)	(136,407)	-	-	-
Net Change in Fund Balances	(7,494)	5,875	743,230	6,174
Fund Balances, Beginning of Year	200,596	237,889	654,615	24,190
Change from nonmajor fund to major fund	-	-	-	-
Fund Balances, Beginning of Year, as Restated	200,596	237,889	654,615	24,190
Fund Balances (Deficit), End of Year	$ 193,102	$ 243,764	$ 1,397,845	$ 30,364

Special Revenue Funds		Capital Projects Funds			
Police Seizure	Formerly Nonmajor Fund Street Construction	Vehicle Replacement	Parks Construction	Computer Replacement	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 124,812
-	-	-	-	-	1,128,198
1,370	-	161,535	23,972	5,613	218,528
-	-	-	56,280	-	66,780
-	-	1,501	-	-	1,501
1,370	-	163,036	80,252	5,613	1,539,819
-	-	89,107	-	53,202	142,309
-	-	-	-	-	374,230
-	-	-	224,384	-	224,384
-	-	2,468,154	-	-	2,499,280
-	-	2,557,261	224,384	53,202	3,240,203
1,370	-	(2,394,225)	(144,132)	(47,589)	(1,700,384)
-	-	177,250	-	-	177,250
-	-	575,000	-	111,398	686,398
-	-	-	-	-	(136,407)
-	-	752,250	-	111,398	727,241
1,370	-	(1,641,975)	(144,132)	63,809	(973,143)
14,802	4,317,937	3,480,515	930,716	189,641	10,050,901
-	(4,317,937)	-	-	-	(4,317,937)
14,802	-	3,480,515	930,716	189,641	5,732,964
$ 16,172	$ -	$ 1,838,540	$ 786,584	$ 253,450	$ 4,759,821

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Fiduciary Funds – Custodial Funds

Trophy Club Courts Collection – to account for court fines and fees collected on behalf of the Town of Trophy Club, Texas

Seized Assets – to account for funds seized from court cases that are held in escrow until judgment.

City of Roanoke, Texas
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
September 30, 2025

	Trophy Club Courts Collection	Seized Assets	Total
Assets			
Cash and cash equivalents	$ 406,125	$ 41,413	$ 447,538
Total assets	$ 406,125	$ 41,413	$ 447,538
Liabilities			
Accrued expenses	$ 406,125	$ -	$ 406,125
Total liabilities	406,125	-	406,125
Net Position			
Restricted for individuals, organizations other governments	-	41,413	41,413
Total net position	$ -	$ 41,413	$ 41,413

City of Roanoke, Texas
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended September 30, 2025

	Trophy Club Courts Collection	Seized Assets	Total
Additions			
Fines and forfeiture collections for other governments	$ 412,258	$ -	$ 412,258
Total additions	412,258	-	412,258
Deductions			
Payments of fines and forfeitures to other governments	412,258	-	412,258
Total deductions	412,258	-	412,258
Net Change in Fiduciary Net Position	-	-	-
Net Position, Beginning of Year	-	41,413	41,413
Net Position, End of Year	$ -	$ 41,413	$ 41,413

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Discretely Presented Component Units

Roanoke Economic Industrial Development Corporation – to aid, promote and further economic development within the City.

Al & Lula Mae Slaughter Park Foundation – to provide funding for the construction, improvements, and maintenance of Slaughter Park, which was terminated during 2024 with all remaining assets remitted to the City during 2025.

City of Roanoke, Texas
Balance Sheet
Roanoke Economic Industrial Development Corporation
September 30, 2025

	REIDC
Assets	
Cash and cash equivalents	$ 7,033,149
Investments	4,186,873
Sales tax receivables	1,072,901
Other receivables	100
Prepaid lease	2,290,149
Total assets	14,583,172
Liabilities	
Accounts payable	294,715
Total liabilities	294,715
Fund Balances	
Nonspendable	2,290,149
Restricted	11,998,308
Total fund balances	14,288,457
Total liabilities and fund balances	$ 14,583,172

City of Roanoke, Texas
Reconciliation of the Balance Sheet
to the Statement of Net Position
Roanoke Economic Industrial Development Corporation
September 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance – governmental fund	$	14,288,457
Capital and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		5,822,957
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(43,888)
Prepaid lease is reported as a lease asset in the governmental activities.		(2,290,149)
Long-term liabilities and related deferred outflows of resources, including bonds payable and deferred charges on refunding, are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		(4,249,797)
Net position of governmental activities	$	13,527,580

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Roanoke Economic Industrial Development Corporation
For the Year Ended September 30, 2025

	REIDC
Revenues	
Sales and use taxes	$ 7,685,404
Investment income	496,436
Other	114,248
Total revenues	8,296,088
Expenditures	
Economic development	7,789,468
Debt service:	
Principal	404,786
Interest and fiscal charges	198,650
Capital outlay	843,803
Total expenditures	9,236,707
Excess (Deficiency) of Revenues Over (Under) Expenditures	(940,619)
Net Change in Fund Balances	(940,619)
Fund Balances, Beginning of Year	15,229,076
Fund Balances, End of Year	$ 14,288,457

City of Roanoke, Texas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
to the Statement of Activities
Roanoke Economic Industrial Development Corporation
For the Year Ended September 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	$	(940,619)
The purchase of capital assets during the year are reported as expenditures. However, in the statement of activities, the cost of those assets is capitalized.		843,803
The net effect of various transactions involving capital assets (i.e. disposals and contributions to the primary government) is to decrease net position.		(464,102)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		404,786
Governmental funds report the effect of gains and losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		(33,378)
The amortization of leases does not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds		(24,893)
Current year changes in accrued interest payables do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		3,061
Change in net position of governmental activities	$	(211,342)

City of Roanoke, Texas
Balance Sheet/Statement of Net Position
Al and Lula Mae Slaughter Park Foundation
September 30, 2025

	Slaughter Park
ASSETS	
Cash and cash equivalents	$ -
Total assets	-
LIABILITIES	
Accounts payable	-
Total liabilities	-
FUND BALANCES/NET POSITION	
Assigned/Unrestricted	-
Total fund balances/net position	-
Total liabilities and fund balances/net position	$ -

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position
Al and Lula Mae Slaughter Park Foundation
For the Year Ended September 30, 2025

	Slaughter Park
REVENUES	
Investment income	$ 12,304
Total revenues	12,304
EXPENDITURES	
General government	499,198
Total expenditures	499,198
Net change in fund balances/net position	(486,894)
Fund Balances/Net Position, Beginning of Year	486,894
Fund Balances/Net Position, End of Year	$ -

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Statistical Section
(Unaudited)

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Statistical Section

This part of the City of Roanoke's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Contents **Page**

Financial Trends 99-108

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 109-112

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 113-119

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 120-121

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 122-125

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Roanoke, Texas
Net Position by Component - Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

	2016	2017 (1)	2018	2019
Governmental Activities				
Net investment in capital assets	$ 31,174,600	$ 31,097,018	$ 33,086,945	$ 34,936,164
Restricted	1,727,260	2,023,448	1,886,000	1,482,740
Unrestricted	10,504,148	6,913,113	6,220,635	2,674,659
Total governmental activities net position	$ 43,406,008	$ 40,033,579	$ 41,193,580	$ 39,093,563
Business-Type Activities				
Net investment in capital assets	$ 11,394,270	$ 11,369,432	$ 11,961,064	$ 12,176,418
Restricted	332,828	383,356	615,313	616,619
Unrestricted	809,935	855,275	2,448,790	2,845,436
Total business-type activities net position	$ 12,537,033	$ 12,608,063	$ 15,025,167	$ 15,638,473
Primary Governmental Activities				
Net investment in capital assets	$ 42,568,870	$ 42,466,450	$ 45,048,009	$ 47,112,582
Restricted	2,060,088	2,406,804	2,501,313	2,099,359
Unrestricted	11,314,083	7,768,388	8,669,425	5,520,095
Total primary governmental activities net position	$ 55,943,041	$ 52,641,642	$ 56,218,747	$ 54,732,036

(1) Beginning amounts for 2017 were restated to reflect a change in accounting principle as per GASB Implementation Guide No. 2016 - 1

2020	2021	2022	2023	2024	2025
$ 36,199,549	$ 35,427,286	$ 36,782,102	$ 34,235,167	$ 38,346,431	$ 46,894,014
1,414,415	1,540,777	1,669,465	4,691,763	5,851,718	6,844,177
1,966,572	5,033,946	8,613,210	24,619,306	20,039,018	11,007,151
$ 39,580,536	$ 42,002,009	$ 47,064,777	$ 63,546,236	$ 64,237,167	$ 64,745,342
$ 12,265,861	$ 11,917,713	$ 11,620,821	$ 11,358,703	$ 11,186,383	$ 11,643,780
368,075	-	-	-	-	-
4,194,717	6,037,584	6,515,432	7,539,309	9,375,691	11,057,515
$ 16,828,653	$ 17,955,297	$ 18,136,253	$ 18,898,012	$ 20,562,074	$ 22,701,295
$ 48,465,410	$ 47,344,999	$ 48,402,923	$ 45,593,870	$ 49,532,814	$ 58,537,794
1,782,490	1,540,777	1,669,465	4,691,763	5,851,718	6,844,177
6,161,289	11,071,530	15,128,642	32,158,615	29,414,709	22,064,666
$ 56,409,189	$ 59,957,306	$ 65,201,030	$ 82,444,248	$ 84,799,241	$ 87,446,637

City of Roanoke, Texas
Changes in Net Position by Component - Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

	2016	2017	2018	2019
Expenses				
Governmental activities				
General government	$ 7,508,329	$ 6,887,737	$ 7,066,144	$ 9,047,141
Public Safety	8,624,292	9,286,271	9,597,225	10,171,010
Cultural and recreation	4,146,327	4,641,205	4,278,952	4,374,352
Public works	2,822,182	3,152,161	3,480,824	4,800,393
Economic development	-	-	2,400,000	-
Interest and fiscal charges	1,256,070	1,527,896	1,503,018	1,369,775
Total governmental activities expenses	24,357,200	25,495,270	28,326,163	29,762,671
Business-type activities				
Water and Wastewater	6,863,245	6,942,167	7,122,577	6,749,241
Sanitation	10,012	11,357	8,666	9,236
Total business-type activities expenses	6,873,257	6,953,524	7,131,243	6,758,477
Total primary government expenses	$ 31,230,457	$ 32,448,794	$ 35,457,406	$ 36,521,148
Program Revenues				
Governmental activities				
Charges for Services:				
General government	$ 9,154	$ 10,830	$ 11,438	$ 18,233
Public Safety	1,477,366	1,097,913	1,342,094	1,169,587
Cultural and recreation	763,934	770,864	824,589	817,901
Public works	957,280	776,467	1,280,477	1,629,848
Operating grants and contributions	3,208,558	3,305,142	3,603,245	4,014,171
Capital grants and contributions	3,752,297	1,870,535	3,997,294	596,040
Total governmental activities program revenues	10,168,589	7,831,751	11,059,137	8,245,780
Business-type activities				
Charges for Services				
Water and Wastewater	6,599,639	6,537,123	8,250,944	6,969,475
Sanitation	1,189	1,515	1,740	-
Capital grants and contributions	1,022,686	550,717	1,359,886	536,086
Total business-type activities program revenues	7,623,514	7,089,355	9,612,570	7,505,561
Total primary government program revenues	$ 17,792,103	$ 14,921,106	$ 20,671,707	$ 15,751,341
Net (Expenses) Revenue				
Governmental activities	$ (14,188,611)	$ (17,663,519)	$ (17,267,026)	$ (21,516,891)
Business-type activities	750,257	135,831	2,481,327	747,084
Total primary government net expense	$ (13,438,354)	$ (17,527,688)	$ (14,785,699)	$ (20,769,807)

2020	2021	2022	2023	2024	2025
$ 8,738,683	$ 7,738,033	$ 7,336,948	$ 10,758,648	$ 15,172,471	$ 18,525,425
10,577,318	11,705,272	13,038,866	14,381,852	15,766,016	18,023,807
4,100,280	4,327,471	4,643,104	5,591,010	6,039,410	6,536,286
3,929,218	4,403,037	4,301,254	4,204,424	4,694,624	6,558,246
-	-	-	-	1,996,064	2,068,686
1,154,904	1,153,474	1,045,677	1,255,421	2,698,262	3,246,613
28,500,403	29,327,287	30,365,849	36,191,355	46,366,847	54,959,063
6,713,079	6,467,895	7,695,537	7,855,793	8,999,664	8,891,142
5,489	-	-	-	-	-
6,718,568	6,467,895	7,695,537	7,855,793	8,999,664	8,891,142
$ 35,218,971	$ 35,795,182	$ 38,061,386	$ 44,047,148	$ 55,366,511	$ 63,850,205
$ 6,778	$ 7,119	$ 9,543	$ 82,849	$ 44,836	$ 9,831
1,096,753	1,610,899	1,636,413	1,495,479	743,068	966,179
394,683	436,929	702,533	740,044	747,889	856,651
1,002,646	584,600	922,855	477,560	760,994	858,226
5,107,184	4,421,780	5,396,944	15,886,175	7,304,497	8,108,722
837,904	1,925,816	475,387	-	713,049	1,491,785
8,445,948	8,987,143	9,143,675	18,682,107	10,314,333	12,291,394
7,584,385	7,473,896	8,273,084	8,608,046	10,199,555	11,367,600
4,000	-	-	-	-	-
466,292	615,490	-	146,733	359,311	63,749
8,054,677	8,089,386	8,273,084	8,754,779	10,558,866	11,431,349
$ 16,500,625	$ 17,076,529	$ 17,416,759	$ 27,436,886	$ 20,873,199	$ 23,722,743
$ (20,054,455)	$ (20,340,144)	$ (21,222,174)	$ (17,509,248)	$ (36,052,514)	$ (42,667,669)
1,336,109	1,621,491	577,547	898,986	1,559,202	2,540,207
$ (18,718,346)	$ (18,718,653)	$ (20,644,627)	$ (16,610,262)	$ (34,493,312)	$ (40,127,462)

City of Roanoke, Texas
Changes in Net Position by Component - Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

	2016	2017	2018	2019
General Revenues				
And Other Changes In Net Position				
Governmental activities				
Taxes				
Property taxes	$ 6,581,529	$ 7,287,083	$ 7,661,147	$ 8,203,161
Sales taxes	7,202,926	7,265,264	7,947,723	8,475,563
Gross receipt taxes	1,627,619	1,626,812	1,692,818	1,684,619
Other taxes	69,428	75,488	110,225	129,474
Investment income	15,332	38,446	62,693	88,172
Gain on sale of assets	16,829	111,574	205,466	70,999
Grants not restricted to specific project	-	-	-	-
Miscellaneous	491,417	532,932	673,304	606,393
Transfers	447,014	73,491	73,651	158,493
Total governmental activities	16,452,094	17,011,090	18,427,027	19,416,874
Business-type activities				
Impact Fees	-	-	-	-
Investment income	1,415	2,836	9,428	24,715
Gain on sale of assets	-	5,854	-	-
Miscellaneous	-	-	-	-
Transfers	(447,014)	(73,491)	(73,651)	(158,493)
Total business-type activities	(445,599)	(64,801)	(64,223)	(133,778)
Total primary government	$ 16,006,495	$ 16,946,289	$ 18,362,804	$ 19,283,096
Change in Net Position				
Governmental activities	$ 2,263,483	$ (652,429)	$ 1,160,001	$ (2,100,017)
Business-type activities	304,658	71,030	2,417,104	613,306
Total primary government	$ 2,568,141	$ (581,399)	$ 3,577,105	$ (1,486,711)

2020	2021	2022	2023	2024	2025
$ 8,991,686	$ 9,757,831	$ 10,366,652	$ 11,174,255	$ 11,804,174	$ 11,877,593
9,039,798	10,410,771	12,246,584	18,748,880	19,250,692	22,247,339
1,556,493	1,530,110	1,663,629	1,766,849	1,810,279	1,930,602
102,385	136,334	158,036	152,411	170,344	140,007
22,334	3,203	59,536	924,289	2,498,128	2,466,362
64,339	-	-	94,717	111,939	156,900
-	-	769,715	-	-	1,561,097
610,652	426,844	485,062	644,684	460,724	661,963
153,741	496,524	535,728	484,622	637,165	2,133,981
20,541,428	22,761,617	26,284,942	33,990,707	36,743,445	43,175,844
-	-	-	-	-	-
7,812	1,677	36,655	246,696	318,170	646,137
-	-	-	-	-	-
-	-	102,482	100,699	423,855	1,086,858
(153,741)	(496,524)	(535,728)	(484,622)	(637,165)	(2,133,981)
(145,929)	(494,847)	(396,591)	(137,227)	104,860	(400,986)
$ 20,395,499	$ 22,266,770	$ 25,888,351	$ 33,853,480	$ 36,848,305	$ 42,774,858
$ 486,973	$ 2,421,473	$ 5,062,768	$ 16,481,459	$ 690,931	$ 508,175
1,190,180	1,126,644	180,956	761,759	1,664,062	2,139,221
$ 1,677,153	$ 3,548,117	$ 5,243,724	$ 17,243,218	$ 2,354,993	$ 2,647,396

City of Roanoke, Texas
Fund Balances, Governmental Funds - Last Ten Fiscal Years
Modified Accrual Basis of Accounting (Unaudited)

	2016	2017	2018	2019
General Fund				
Nonspendable	$ 115,973	$ 25,592	$ 89,315	$ 584,059
Restricted	335,365	592,812	591,409	472,231
Committed	8,820	8,820	9,261	4,631
Assigned	642,581	750,000	-	-
Unassigned	5,335,619	3,921,417	5,257,390	6,107,579
Total general fund	$ 6,438,358	$ 5,298,641	$ 5,947,375	$ 7,168,500
All Other Governmental Funds				
Nonspendable	$ -	$ -	$ 500	$ 1,005,935
Restricted	5,431,638	10,759,595	1,294,591	1,010,509
Committed	8,030,928	9,251,862	7,503,222	4,536,755
Assigned	-	-	-	-
Unassigned	-	-	-	(701,451)
Total all other governmental funds	$ 13,462,566	$ 20,011,457	$ 8,798,313	$ 5,851,748

2020	2021	2022	2023	2024	2025
$ 2,152,756	$ 2,392,470	$ 332,012	$ 214,389	$ 2,522,046	$ 326,678
266,930	284,513	278,988	296,086	296,086	296,086
4,793	4,889	-	4,804	4,804	4,804
-	-	-	-	-	-
5,796,625	8,324,249	13,861,063	25,080,453	20,645,250	17,549,915
$ 8,221,104	$ 11,006,121	$ 14,472,063	$ 25,595,732	$ 23,468,186	$ 18,177,483
$ -	$ -	$ -	$ -	$ -	$ -
1,147,485	1,699,219	3,314,294	8,072,707	17,812,024	17,948,249
4,993,519	3,275,904	3,627,874	5,070,369	4,387,335	2,665,037
-	-	-	-	-	-
(1,778,205)	-	(1,420,796)	-	-	-
$ 4,362,799	$ 4,975,123	$ 5,521,372	$ 13,143,076	$ 22,199,359	$ 20,613,286

City of Roanoke, Texas
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years
Modified Accrual Basis of Accounting (Unaudited)

	2016	2017	2018	2019
Revenues				
Property taxes	$ 6,690,929	$ 7,285,311	$ 7,669,802	$ 8,189,010
Sales taxes	7,202,926	7,265,264	7,947,723	8,475,563
Gross receipts tax	1,627,619	1,626,812	1,692,818	1,684,619
Licenses and permits	957,280	776,467	1,280,477	1,629,848
Intergovernmental	69,428	75,488	110,225	129,474
Charges for services	1,162,330	1,144,550	1,231,894	1,317,029
Grants and contributions	6,040,460	4,983,896	3,642,894	4,516,976
Fines and fees	1,052,309	804,726	883,479	707,933
Investment income	15,332	38,446	62,693	88,172
Donations	32,021	23,695	12,125	13,235
Other revenue	541,417	582,932	723,304	621,959
Total revenues	25,392,051	24,607,587	25,257,434	27,373,818
Expenditures				
General government	4,953,413	4,334,368	4,717,935	5,316,301
Public safety	7,871,321	8,537,241	8,759,567	9,258,442
Cultural and recreation	3,329,768	3,799,014	3,442,388	3,533,711
Public works	1,658,383	1,573,622	1,829,092	2,300,489
Economic Development	-	-	2,400,000	-
Debt service:				
Principal	2,833,861	3,053,362	3,442,401	3,825,992
Interest and fiscal charges	1,221,312	1,399,177	1,539,312	1,448,527
Bond issuance costs	157,732	253,096	144,728	190,532
Capital outlay	2,440,877	6,351,526	16,331,576	5,412,414
Total expenditures	24,466,667	29,301,406	42,606,999	31,286,408
Excess (deficiency) of revenues over (under) expenditures	925,384	(4,693,819)	(17,349,565)	(3,912,590)
Other Financing Sources (Uses)				
Issuance of long-term debt	3,750,000	9,425,000	5,970,000	1,695,000
Leases issued	-	-	-	-
SBITAs issued	-	-	-	-
Refunding bonds issued	2,290,000	-	-	6,875,000
Premium on issuance of debt	538,994	330,672	531,770	329,434
Discount on issuance of debt	-	-	-	-
Payment to bond escrow agent	(2,414,311)	-	-	(6,996,125)
Capital leases	-	-	-	54,349
Sale of general capital assets	80,913	273,830	209,734	70,999
Transfers in	2,317,514	1,888,894	1,482,080	774,731
Transfers out	(1,870,500)	(1,815,403)	(1,408,429)	(616,238)
Total other financing sources	4,692,610	10,102,993	6,785,155	2,187,150
Net change in fund balances	$ 5,617,994	$ 5,409,174	$ (10,564,410)	$ (1,725,440)
Debt service as a percentage of noncapital expenditures	18%	19%	19%	20%

2020	2021	2022	2023	2024	2025
$ 8,991,776	$ 9,732,886	$ 10,382,330	$ 11,056,657	$ 11,905,451	$ 11,825,633
9,039,798	10,410,771	12,246,584	18,748,880	19,250,692	22,247,339
1,556,493	1,530,110	1,663,629	1,766,849	1,810,279	1,930,602
1,002,646	584,600	922,855	477,560	760,994	858,226
102,385	136,334	158,036	152,411	170,344	2,692,112
933,635	1,206,893	1,604,218	1,841,836	2,264,961	2,473,095
5,394,681	4,410,849	6,161,104	15,795,685	5,912,298	6,286,785
573,173	748,830	663,388	600,037	561,734	546,445
22,334	3,203	59,536	924,289	2,498,128	2,466,362
7,503	10,931	5,555	90,490	109,248	420,557
606,704	426,844	276,332	644,684	460,724	661,963
28,231,128	29,202,251	34,143,567	52,099,378	45,704,853	52,409,119
5,269,529	4,910,745	5,258,362	7,097,529	12,249,258	14,342,294
9,622,230	10,747,619	12,082,763	13,094,919	14,824,927	16,266,401
3,240,141	3,348,025	3,629,170	4,437,710	4,784,138	5,070,292
1,877,540	2,209,114	2,099,351	1,901,595	2,414,511	4,031,342
-	-	-	-	1,996,064	2,068,686
3,795,471	4,001,375	4,148,600	4,522,331	5,709,498	9,711,699
1,413,783	1,368,725	1,325,662	1,478,771	2,619,943	3,585,564
-	204,749	170,085	209,616	391,363	297,362
3,833,585	2,279,725	5,117,853	5,939,799	27,945,361	32,064,043
29,052,279	29,070,077	33,831,846	38,682,270	72,935,063	87,437,683
(821,151)	132,174	311,721	13,417,108	(27,230,210)	(35,028,564)
-	2,205,000	2,705,000	6,695,000	32,070,000	24,130,000
-	-	-	-	-	361,959
-	-	-	22,966	265,175	184,280
-	4,790,000	2,770,000	-	-	-
-	1,027,876	475,078	266,563	1,026,434	1,495,849
-	-	-	-	-	(331,531)
-	(5,310,308)	(2,870,719)	-	-	-
143,920	-	-	-	-	-
87,145	56,075	85,383	98,353	160,173	177,250
1,236,201	1,274,105	1,766,897	2,227,493	4,036,694	15,497,454
(1,082,460)	(777,581)	(1,231,169)	(1,742,871)	(3,399,529)	(13,363,473)
384,806	3,265,167	3,700,470	7,567,504	34,158,947	28,151,788
$ (436,345)	$ 3,397,341	$ 4,012,191	$ 20,984,612	$ 6,928,737	$ (6,876,776)
21%	20%	19%	18%	19%	24%

City of Roanoke, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Table 5

Fiscal Year	Real Property: Residential Property	Real Property: Commercial Property	Land and Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2016	$ 282,457,706	$ 402,648,093	$ 1,485,163,405	$ (494,719,254)	$ 1,675,549,950	0.37512	$ 1,675,549,950	100%
2017	361,127,949	436,524,561	1,505,631,192	(539,827,858)	1,763,455,844	0.37512	1,763,455,844	100%
2018	411,335,693	477,079,218	1,594,830,987	(523,851,717)	1,959,394,181	0.37512	1,959,394,181	100%
2019	478,319,137	550,320,276	1,620,880,876	(546,128,694)	2,103,391,595	0.37512	2,103,391,595	100%
2020	531,476,648	604,747,806	1,869,703,763	(707,435,194)	2,298,493,023	0.37512	2,298,493,023	100%
2021	589,686,229	842,845,318	1,848,815,285	(769,185,093)	2,512,161,739	0.37512	2,512,161,739	100%
2022	673,336,762	765,168,373	2,041,902,903	(739,327,784)	2,741,080,254	0.37512	2,741,080,254	100%
2023	766,369,771	929,858,103	2,390,534,892	(739,747,022)	3,347,015,744	0.33978	3,347,015,744	100%
2024	948,936,997	1,166,867,175	2,776,101,345	(1,028,953,729)	3,862,951,788	0.30804	3,862,951,788	100%
2025	904,268,459	1,078,499,627	2,907,005,804	(940,476,758)	3,949,297,132	0.30804	3,949,297,132	100%

Source: Denton County Appraisal District and Tarrant Appraisal District (includes taxable values of frozen properties).

Note: Property is reassessed annually. The counties assesses property at 100% of its market value.

Tax rates are per $100 of assessed value.

City of Roanoke, Texas
Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited) **Table 6**

	City Direct Rates			Overlapping Rates		
Fiscal Year	Operating/ General	Debt Service	Total Direct	Northwest Independent School District	Denton County	Tarrant County
2016	0.15201	0.22311	0.37512	1.45250	0.26200	0.25400
2017	0.15842	0.21671	0.37513	1.45250	0.24841	0.24400
2018	0.16095	0.21417	0.37512	1.49000	0.23781	0.24400
2019	0.16741	0.20771	0.37512	1.49000	0.22560	0.23400
2020	0.17363	0.20149	0.37512	1.42000	0.22528	0.23400
2021	0.18404	0.19108	0.37512	1.46630	0.22499	0.24400
2022	0.19502	0.18010	0.37512	1.29200	0.23309	0.22900
2023	0.19502	0.18018	0.37520	1.27460	0.21754	0.22400
2024	0.16967	0.13837	0.30804	1.09020	0.18949	0.19450
2025	0.17819	0.12985	0.30804	1.08790	0.18787	0.18750

Source: Denton County Appraisal District and Tarrant Appraisal District

City of Roanoke Ordinances

City of Roanoke, Texas
Principal Property Taxpayers
Current Year and Ten Years Ago (Unaudited)

Table 7

Fiscal Year 2025			Fiscal Year 2016		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Citicorp Technology Inc.	$ 322,408,702	8.16%	Amerisource Bergin	$ 265,785,457	15.86%
Amerisource Bergen	212,896,054	5.39%	Citicorp Technology Inc.	173,093,819	10.33%
Charles Schwab	120,706,817	3.05%	WW Grainger Inc.	54,816,717	3.27%
WW Grainger Inc.	113,991,772	2.89%	Mid America Apartments LP	54,024,943	3.22%
AT Industrial 4 Holdco,LP	104,630,440	2.65%	Cardinal Health 110 LLC	52,193,139	3.12%
IBM Credit LLC	103,789,370	2.63%	AT Industrial Owner 4, LLC	45,543,000	2.72%
Cardinal Health 110 LLC	92,460,866	2.34%	AT Industrial Owner 7, LLC	39,694,960	2.37%
Mid America Apartments LP	86,317,048	2.19%	Behr Process Corp	30,579,206	1.83%
Mid America Apartments LP	83,300,000	2.11%	IBM Credit LLC	19,968,191	1.19%
Enclave Roanoke City Center LP	64,436,417	1.63%	300Gateway Parkway LTD	19,849,520	1.18%
Total Assessed Value of Top Ten Taxpayers	$ 1,304,937,486	33.04%	Total Assessed Value of Top Ten Taxpayers	$ 755,548,952	45.09%
Total Assessed Value of Other Taxpayers	2,644,359,646	66.96%	Total Assessed Value of Other Taxpayers	920,000,998	54.91%
Total Assessed Value	$ 3,949,297,132	100.00%	Total Assessed Value	$ 1,675,549,950	100.00%

Source: Denton County Appraisal District

City of Roanoke, Texas
Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Table 8

Fiscal Year	Taxes Levied within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections		Delinquent Taxes	
				Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2016	$ 6,424,722	$ 16,060	$ 6,440,782	$ 6,411,355	99.54%	$ 27,687	$ 6,439,042	99.97%	1,740	0.03%
2017	7,001,592	19,763	7,021,355	6,984,270	99.47%	29,367	7,013,637	99.89%	7,718	0.11%
2018	7,388,775	3,767	7,392,542	7,376,011	99.78%	14,059	7,390,070	99.97%	2,472	0.03%
2019	7,940,832	(47,558)	7,893,274	7,928,393	100.44%	(38,966)	7,889,427	99.95%	3,846	0.05%
2020	8,711,001	15,811	8,726,812	8,691,055	99.59%	29,430	8,720,485	99.93%	6,327	0.07%
2021	9,532,802	(17,023)	9,515,779	9,509,795	99.94%	(4,034)	9,505,761	99.89%	5,984	0.06%
2022	10,130,941	(9,113)	10,121,828	10,118,738	99.97%	(8,085)	10,110,653	99.89%	3,090	0.03%
2023	10,920,582	203,747	11,124,329	10,792,299	97.02%	(108,993)	10,683,306	96.04%	128,283	1.15%
2024	11,862,696	(101,067)	11,761,629	11,738,983	99.81%	(226,168)	11,512,815	97.88%	22,646	0.19%
2025	12,276,356	(99,037)	12,177,319	12,096,199	99.33%	-	12,096,199	99.33%	81,121	0.67%

City of Roanoke, Texas
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Special Assessment Certificates of Obligation	Net Premium / (Discount) on Bonds (3)	SBITAs	Leases
2016	$ 10,508,497	$ 23,535,212	$ -	$ 1,375,000	$ 1,651,617	$ -	$ 291,804
2017	9,436,648	31,239,008	-	1,205,000	1,819,753	-	201,495
2018	8,331,031	35,139,712	-	1,025,000	2,143,456	-	114,007
2019	11,205,187	28,860,000	1,465,000	840,000	2,139,983	-	77,086
2020	9,730,895	27,015,000	1,240,000	645,000	1,885,226	-	164,828
2021	12,522,888	22,425,000	1,005,000	440,000	2,393,833	-	126,460
2022	12,061,166	21,860,000	765,000	225,000	2,303,589	-	81,795
2023	9,750,730	26,860,000	520,000	-	2,129,360	28,074	54,107
2024	7,362,008	55,985,000	265,000	-	2,659,640	201,432	25,147
2025	4,230,000	73,950,000	-	-	3,013,921	310,418	312,709

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See table for personal income and population data

Business-type Activities						
Water and Sewer Revenue Bonds (2)	Net Premium / (Discount) on Bonds (3)	Notes Payable	Other Obligations	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$ 4,121,291	$ 216,744	$ -	$ 73,954	$ 41,774,119	17.66%	4,825
3,664,344	196,093	-	48,117	47,810,458	19.87%	5,431
3,194,257	175,442	-	21,088	50,143,993	20.49%	5,600
2,739,812	178,058	-	-	47,505,126	18.51%	5,059
2,239,106	151,792	-	-	43,071,847	16.77%	4,582
1,717,113	126,926	-	-	40,757,220	10.54%	4,217
1,443,834	103,526	453,779	-	39,297,689	7.38%	3,647
1,879,270	76,684	404,519	-	41,702,744	7.49%	3,924
1,557,992	79,940	353,734	-	68,489,893	10.93%	6,556
4,960,000	149,807	301,377	-	87,228,232	12.27%	7,805

City of Roanoke, Texas
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Net Premium/ (Discount) on Bonds (1)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Estimated Population (2)
2016	$ 10,508,497	$ 23,535,212	$ 1,651,617	$ 35,695,326	$ 917,675	$ 34,777,651	8,657
2017	9,436,648	31,239,008	1,819,753	42,495,409	906,588	41,588,821	8,803
2018	8,331,031	35,139,712	2,143,456	45,614,199	822,985	44,791,214	8,954
2019	11,205,187	28,860,000	2,139,983	42,205,170	614,892	41,590,278	9,390
2020	9,730,895	27,015,000	1,885,226	38,631,121	716,883	37,914,238	9,400
2021	12,522,888	22,425,000	2,393,833	37,341,721	775,053	36,566,668	9,665
2022	12,061,166	21,860,000	2,303,589	36,224,755	770,001	35,454,754	10,775
2023	9,750,730	26,860,000	2,129,360	38,740,090	605,598	38,134,492	10,628
2024	7,362,008	55,985,000	2,659,640	66,006,648	177,424	65,829,224	11,143
2025	4,230,000	73,950,000	3,013,921	81,193,921	172,808	81,021,113	11,178

Source: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Total does not include debt paid by the proprietary funds.

Note: (2) City of Roanoke
(3) Denton County Appraisal District and Tarrant Appraisal District
(1) Net premium/discount on bonds payable is presented starting with fiscal year 2016

Taxable Assessed Value (3)	Debt to Taxable Assessed Value	Net Debt Per Capita
$ 1,675,549,950	2.08%	4,017
1,763,455,844	2.36%	4,724
1,959,394,181	2.29%	5,002
2,103,391,595	1.98%	4,429
2,298,493,023	1.65%	4,033
2,512,161,739	1.46%	3,783
2,741,080,254	1.29%	3,290
3,347,015,744	1.14%	3,588
3,862,951,788	1.70%	6,335
3,949,297,132	2.05%	7,278

City of Roanoke, Texas
Legal Debt Margin Information
Last Ten Fiscal Years (Unaudited)

Table 11

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Tax Rate Limit	$ 2.50000	$ 2.50000	$ 2.50000	$ 2.50000	$ 2.50000	$ 2.50000	$ 2.50000	$ 2.50000	$ 2.50000	$ 2.50000
Current Tax Rate	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.33978	0.30804	0.30804
Available Tax Rate	$ 2.12488	$ 2.12488	$ 2.12488	$ 2.12488	$ 2.12488	$ 2.12488	$ 2.12488	$ 2.16022	$ 2.19196	$ 2.19196

City of Roanoke, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2025 (Unaudited) **Table 12**

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable (1)	Roanoke Share of Overlapping Debt
Debt Repaid with Property Taxes			
Denton County	$ 721,100,000	2.04%	$ 14,710,440
Tarrant County	314,050,000	0.03%	94,215
Tarrant County Hospital District	431,255,000	0.03%	129,377
Tarrant County College District	547,535,000	0.03%	164,261
Northwest Independent School District	2,988,390,000	10.02%	299,436,678
Subtotal, overlapping debt	5,002,330,000		314,534,970
City of Roanoke (Direct Debt)	$ 81,506,630	100.00%	81,506,630
Total Direct and Overlapping Debt			$ 396,041,600

Source: Assessed value data used to estimate applicable percentages provided by Denton County Appraisal District and Tarrant Appraisal District. Debt outstanding data provided by the Municipal Advisory Council as of September 30, 2025.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

City of Roanoke, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years (Unaudited) **Table 13**

Fiscal Year	Water and Sewer Revenue Bonds			Annual Requirement (3)	Times Coverage
	Total Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue		
2016	$ 6,600,989	$ 5,796,585	$ 804,404	$ 615,962 (4)	1.31
2017	6,539,850	5,754,550	785,300	614,933 (4)	1.28
2018	8,260,144	5,977,010	2,283,134	596,491 (4)	3.83
2019	6,992,178	5,883,232	1,108,946	592,969 (4)	1.87
2020	7,592,075	5,832,177	1,759,898	599,172 (4)	2.94
2021	7,475,573	5,703,698	1,771,875	334,859 (4)	5.29
2022	8,309,739	6,838,898	1,470,841	332,729 (4)	4.42
2023	8,854,742	6,920,723	1,934,019	392,388 (4)	4.93
2024	10,524,742	7,990,069	2,534,673	400,708 (4)	6.33
2025	12,388,635	7,739,568	4,649,067	1,183,417 (4)	3.93

Note: (1) Includes operating and nonoperating revenues

(2) Includes operating expenses minus depreciation

(3) Includes Principal and Interest

(4) Includes certificates of obligation and general obligation - revenue supported portion

City of Roanoke, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited) **Table 14**

Fiscal Year	Estimated Population (1)	Per Capita Personal Income (2)	Personal Income	Median Age (2)	Median Household Income (2)	School Enrollment (3)	Unemployment Rate (4)
2016	8,657	$ 27,327	$ 236,569,839	32.0	$ 65,942	20,900	3.8%
2017	8,803	27,327	240,559,581	32.0	65,942	22,044	3.4%
2018	8,954	27,327	244,685,958	32.0	65,942	23,163	3.2%
2019	9,390	27,327	256,600,530	32.0	65,942	24,271	3.1%
2020	9,400	27,327	256,873,800	32.0	65,942	25,263	7.7%
2021	9,665	40,003	386,628,995	35.0	97,833	27,000	7.7%
2022	10,775	49,390	532,177,250	37.2	111,694	28,600	3.0%
2023	10,628	52,378	556,673,384	36.5	113,171	29,150	3.1%
2024	11,143	59,990	668,468,570	37.0	100,986	32,095	4.0%
2025	11,178	63,605	710,976,690	41.5	97,295	32,098	4.0%

Sources: (1) City of Roanoke.

(2) U.S. Census Bureau (Compiled every ten years)

(3) Northwest Independent School District

(4) Texas Workforce Commission, Denton County

Note: Personal income is calculated by multiplying estimated population by per capita personal income

City of Roanoke, Texas
Principal Employers
Current Year and Ten Years Ago (Unaudited) **Table 15**

2025		2016	
Employer	**Employees**	**Employer**	**Employees**
General Motors Corporation	460	WW Grainger	300-500
WW Grainger	450	Martin Bower	300-500
Martin Brower	450	Randall's/Tom Thumb	300-500
Albertsons/Tom Thumb/Randall's	360	Walmart	200-400
Home Depot	350	Home Depot	200-400
Walmart	350	Bridgestone/Firestone	100-250
Cardinal Health	250	Excel/Lego Systems Inc.	100-250
Behr Process Corp	250	Saddle Creek Logistics	100-250
Heritage Bag	210	Heritage Bag	100-250
Amerisource Bergen	200	Amerisource Bergen	100-250

Source: Hillwood Development Company, LLC

Note: 2025 total employees listed by employer are estimates. Total employment information is unavailable for both 2025 and 2016.

City of Roanoke, Texas
Full-time Equivalent City Government Employees
By Function/Program (Unaudited) **Table 16**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
Administration	10.50	11.50	11.50	12.00	13.00	12.00	14.50	14.50	19.00	19.00
Visitor Center and Museum	3.75	3.75	3.75	3.50	3.50	3.50	2.00	2.00	2.50	2.50
Building Inspection	5.50	5.50	5.50	5.50	5.50	5.50	4.00	4.00	5.00	5.00
Fire & EMS	20.00	21.00	21.00	23.00	26.00	26.00	29.00	29.00	35.00	35.00
Municipal Court	3.00	3.00	3.50	4.50	4.50	4.50	4.50	4.50	5.00	5.00
Streets	7.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	12.00	12.00
Police	43.00	44.50	44.50	46.50	47.50	46.50	47.50	47.50	56.50	60.50
Library	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	9.00	9.00
Parks and Recreation	25.75	26.25	26.25	26.50	26.50	26.50	26.50	26.50	35.50	35.50
Water/wastewater	9.00	9.00	9.00	13.50	14.50	14.50	16.00	16.00	13.00	13.00
Total	136.50	141.50	142.00	152.00	158.00	156.00	161.00	161.00	192.50	196.50

Source: City payroll records and budget book

City of Roanoke, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

	2016	2017	2018	2019
Function/Program				
Police				
Number of police personnel	43	45	45	47
Number of citations	7,394	5,381	8,222	7,014
Fire				
Number of fire personnel	20	21	21	23
Number of fire suppression runs	822	935	846	841
Number of EMS runs	707	807	780	862
Development				
Construction permits issued (1)	292	304	368	165
Public Works				
Streets paved (miles)	25.27	25.27	50.25	50.25
Parks Maintenance				
Number of parks maintenance personnel	26	26	26	27
Number of acres maintained	56	80	80	80
Public parks	10	11	11	11
Library				
Number of volumes (2)	41,367	40,721	39,815	39,921
Annual circulation	113,048	108,560	111,984	126,493
Water and wastewater				
Number of water customers	2,559	2,670	2,810	2,945
Daily average consumption (million gallons)	1.63	1.55	1.72	1.62
Storage capacity (gallons)	3,500,000	3,500,000	3,500,000	3,500,000

Source: City Departments

(1) includes residential, commercial and miscellaneous permits

(2) includes books and media

2020	2021	2022	2023	2024	2025
48	47	48	48	57	67
5,721	5,745	5,293	4,840	4,808	4,282
26	26	29	29	35	35
881	1,175	1,108	837	1,128	1,327
834	1,266	1,182	1,214	1,127	950
134	65	296	415	410	529
50.25	50.25	50.25	50.25	50.25	50.25
27	27	27	27	27	27
112	112	112	112	112	168
11	11	11	11	11	12
40,010	35,500	36,412	46,734	42,070	43,704
73,796	71,334	82,148	106,953	154,066	162,604
2,995	3,136	3,154	3,194	3,207	3,152
1.70	1.73	1.65	1.46	1.96	1.76
3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000

City of Roanoke, Texas
Capital Asset Statistis by Function/Program
Last Ten Fiscal Years (Unaudited) **Table 18**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	2	2	2
Public Works										
Streets paved (miles)	25.27	25.27	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25
Streets graded (miles)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-
Streetlights	297	297	317	317	317	317	317	318	318	-
Parks and Recreation										
Park Acreage	210	210	210	210	240	240	240	240	240	274
Public parks	10	11	11	11	11	11	11	11	11	12
Community center	1	1	1	1	1	1	1	1	1	1
Recreation center	1	1	1	1	1	1	1	1	1	1
Public swimming pools	1	1	1	1	1	1	1	1	1	1
Baseball fields	4	4	4	4	4	4	4	4	4	4
Soccer fields	3	3	3	3	3	3	3	3	3	3
Tennis courts	2	2	2	2	2	2	2	2	2	2
Sand volleyball courts	2	2	2	2	2	2	2	2	2	2
Skatepark	1	1	1	1	1	1	1	1	1	1
Splashparks	2	2	2	2	2	2	2	2	2	3
Library	1	1	1	1	1	1	1	1	1	1
Water and Wastewater										
Water lines (miles)	27.72	27.88	30.43	30.82	31.54	32.79	32.79	32.79	32.79	64.10
Fire Hydrants	577	583	611	611	615	615	615	615	615	821
Storm sewer (miles)	4.67	4.75	7.39	7.34	7.73	7.88	7.88	7.88	7.88	24.40
Sanitary sewer (miles)	21.84	21.84	23.66	23.83	24.02	24.05	24.05	24.05	24.05	49.20

Source: City Departments

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable Mayor and
Members of City Council
City of Roanoke, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Texas (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Dallas, Texas
March 24, 2026

City of Roanoke, Texas
Schedule of Findings and Responses
Year Ended September 30, 2025

Reference Number	Finding
2025-001	**Finding**: Significant Deficiency in Recognition of Grant Revenues **Criteria**: Generally accepted accounting principles for local governmental entities require that grant revenues be recognized in the period in which all applicable eligibility requirements are met. **Condition:** The City recognized grant revenues in the year after eligible expenditures were incurred rather than when the related expenditures were incurred and eligibility requirements were met. **Cause:** Internal controls and review processes were not in place to ensure grant revenues are properly recognized at year-end based on incurred eligible expenditures. **Effect:** The grant revenues for the fiscal year ended September 30, 2025 were overstated, and beginning fund balance/net position was misstated. This resulted in a passed adjustment to reduce fiscal year 2025 revenue and increase beginning fund balance/net position. The City recognized grant revenue during the fiscal year ended September 30, 2025 that should have been recognized during the fiscal year ended September 30, 2024. **Recommendation:** The City identify all funding received by outside parties and the related requirements to properly account for the expenditures and revenues. The City should develop a grants policies and procedures manual that requires periodic (at least quarterly and year-end) reconciliations performed by each department and submitted to the Finance Department of allowable grant expenditures to reimbursement requests and payments received for all active grant awards. Year-end procedures need to be developed and implemented to record grant revenue and receivables when qualifying expenditures are incurred and eligibility requirements are met to ensure proper grant revenue recognition. **Views of responsible officials and planned corrective actions**: We understand the importance of the financial reporting process, and the City plans to implement controls and processes to improve accuracy of financial information.

End of Document